



HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2017  
OF THE CONDITION AND AFFAIRS OF THE

HealthSpring Life & Health Insurance Company, Inc.

NAIC Group Code09010901NAIC Company Code12902Employer's ID Number20-8534298

(Current)(Prior)

Organized under the Laws ofTexas, State of Domicile or Port of EntryTX

Country of DomicileUnited States of America

Licensed as business type:Life, Accident & Health

Is HMO Federally Qualified? Yes [ ] No [ X ]

Incorporated/Organized02/27/2007Commenced Business02/27/2007

Statutory Home Office2900 North Loop West, Suite 1300Houston, TX, US 77092

(Street and Number)(City or Town, State, Country and Zip Code)

Main Administrative Office530 Great Circle Road

(Street and Number)

Nashville, TN, US 37228615-291-7000

(City or Town, State, Country and Zip Code)(Area Code) (Telephone Number)

Mail Address530 Great Circle RoadNashville, TN, US 37228

(Street and Number or P.O. Box)(City or Town, State, Country and Zip Code)

Primary Location of Books and Records530 Great Circle Road

(Street and Number)

Nashville, TN, US 37228615-291-7000

(City or Town, State, Country and Zip Code)(Area Code) (Telephone Number)

Internet Website Addresswww.cignahealthspring.com

Statutory Statement ContactConnie Schmidt Ansley615-564-3480

(Name)(Area Code) (Telephone Number)

regulatory@healthspring.com615-401-4566

(E-mail Address)(FAX Number)

OFFICERS

President & Chief Executive OfficerMatthew Shawn Morris

Vice PresidentBrent Jason Sanders

Chief Financial OfficerRyan Bruce McGroarty

Corporate Medical DirectorDirk Oliver Wales MD

OTHER

Sheffield Hoover Young, Divisional PresidentJay Landon Hurt, Divisional PresidentKristinn Klunkert Benton, Vice President

Allen Curtis Perez, Vice PresidentRichard Alan Appel, Compliance OfficerGregory Nicholas Malone, Appointed Actuary

Scott Ronald Lambert, Vice President & TreasurerMaureen Hardiman Ryan, Vice President & Assistant TreasurerJumana Nadeem Siddiqui, Assistant Treasurer

Rhiannon Ashley Bernier, Assistant SecretaryAnna Krishtul, Corporate Secretary

DIRECTORS OR TRUSTEES

Jay Landon HurtBrent Jason SandersRyan Bruce McGroarty

Sheffield Hoover YoungNathan Allen #

State ofTennesseeSS:  
County of

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Matthew Shawn MorrisRyan Bruce McGroartyBrent Jason Sanders

President and Chief Executive OfficerChief Financial OfficerVice President

Subscribed and sworn to before me thisa. Is this an original filing? .....Yes [ X ] No [ ]

day ofFebruary, 2018b. If no,

1. State the amendment number.....

2. Date filed .....

3. Number of pages attached.....

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	366,131,766		366,131,766	297,880,539
2. Stocks (Schedule D):				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....			0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ .....			0	0
encumbrances) .....				
4.2 Properties held for the production of income (less				
\$ .....			0	0
encumbrances) .....				
4.3 Properties held for sale (less \$ .....			0	0
encumbrances) .....				
5. Cash (\$ .....				
12,147,746 , Schedule E - Part 1), cash equivalents				
(\$ .....				
96,265,605 , Schedule E - Part 2) and short-term				
investments (\$ .....	108,414,351		108,414,351	80,110,030
1,000 , Schedule DA) .....				
6. Contract loans, (including \$ .....			0	0
0 premium notes) .....				
7. Derivatives (Schedule DB) .....			0	0
8. Other invested assets (Schedule BA) .....			0	0
9. Receivables for securities .....	45,305	0	45,305	0
10. Securities lending reinvested collateral assets (Schedule DL) .....			0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	474,591,422	0	474,591,422	377,990,569
13. Title plants less \$ .....				
0 charged off (for Title insurers			0	0
only) .....				
14. Investment income due and accrued .....	3,423,429	0	3,423,429	3,248,249
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	8,930,371	218	8,930,153	27,998,598
15.2 Deferred premiums and agents' balances and installments booked but				
deferred and not yet due (including \$ .....				
0				
earned but unbilled premiums) .....			0	0
15.3 Accrued retrospective premiums (\$ .....				
0 ) and				
contracts subject to redetermination (\$ .....			0	0
0 ) .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....			0	0
16.2 Funds held by or deposited with reinsured companies .....			0	0
16.3 Other amounts receivable under reinsurance contracts .....			0	0
17. Amounts receivable relating to uninsured plans .....			0	130,009,756
18.1 Current federal and foreign income tax recoverable and interest thereon .....	26,994,807		26,994,807	19,143,642
18.2 Net deferred tax asset .....	7,759,203	101,714	7,657,489	13,462,446
19. Guaranty funds receivable or on deposit .....	229,516		229,516	0
20. Electronic data processing equipment and software .....			0	0
21. Furniture and equipment, including health care delivery assets				
(\$ .....			0	0
0 ) .....				
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
23. Receivables from parent, subsidiaries and affiliates .....			0	0
24. Health care (\$ .....	26,760,408	3,524,020	23,236,388	23,925,795
23,236,388 ) and other amounts receivable .....				
25. Aggregate write-ins for other than invested assets .....	213,747	0	213,747	7,050,424
26. Total assets excluding Separate Accounts, Segregated Accounts and				
Protected Cell Accounts (Lines 12 to 25) .....	548,902,903	3,625,952	545,276,951	602,829,479
27. From Separate Accounts, Segregated Accounts and Protected Cell				
Accounts .....			0	0
28. Total (Lines 26 and 27) .....	548,902,903	3,625,952	545,276,951	602,829,479
DETAILS OF WRITE-INS				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above) .....	0	0	0	0
2501. State Income Taxes Recoverable .....	213,220		213,220	468,011
2502. Provider Pass Thru Payment from State of Texas .....	527		527	527
2503. Health Insurance Industry Fee Reimbursement .....	0		0	6,581,886
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	213,747	0	213,747	7,050,424

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
1. Claims unpaid (less \$ .....0 reinsurance ceded) .....	129,306,233	14,042,962	143,349,195	165,091,557
2. Accrued medical incentive pool and bonus amounts .....	2,665,313		2,665,313	5,248,320
3. Unpaid claims adjustment expenses .....		1,921,538	1,921,538	2,692,083
4. Aggregate health policy reserves, including the liability of \$ .....134,322 for medical loss ratio rebate per the Public Health Service Act .....	41,260,972		41,260,972	39,527,477
5. Aggregate life policy reserves .....			0	0
6. Property/casualty unearned premium reserves .....			0	0
7. Aggregate health claim reserves .....			0	0
8. Premiums received in advance .....	2,578		2,578	5,990
9. General expenses due or accrued .....	2,390,491		2,390,491	2,279,432
10.1 Current federal and foreign income tax payable and interest thereon (including \$ .....0 on realized capital gains (losses)) .....			0	0
10.2 Net deferred tax liability .....			0	0
11. Ceded reinsurance premiums payable .....			0	0
12. Amounts withheld or retained for the account of others .....			0	0
13. Remittances and items not allocated .....			0	0
14. Borrowed money (including \$ .....0 current) and interest thereon \$ .....0 (including \$ .....0 current) .....			0	0
15. Amounts due to parent, subsidiaries and affiliates .....	76,595,680		76,595,680	82,255,500
16. Derivatives .....			0	0
17. Payable for securities .....			0	0
18. Payable for securities lending .....			0	0
19. Funds held under reinsurance treaties (with \$ .....0 authorized reinsurers, \$ .....0 unauthorized reinsurers and \$ .....0 certified reinsurers) .....			0	0
20. Reinsurance in unauthorized and certified (\$ .....0 ) companies .....			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates .....			0	0
22. Liability for amounts held under uninsured plans .....	5,593,059		5,593,059	8,079,513
23. Aggregate write-ins for other liabilities (including \$ .....12,832,353 current) .....	12,832,353	0	12,832,353	17,446,452
24. Total liabilities (Lines 1 to 23) .....	270,646,679	15,964,500	286,611,179	322,626,324
25. Aggregate write-ins for special surplus funds .....	XXX	XXX	30,584,682	0
26. Common capital stock .....	XXX	XXX	2,500,000	2,500,000
27. Preferred capital stock .....	XXX	XXX		
28. Gross paid in and contributed surplus .....	XXX	XXX	116,703,127	116,703,127
29. Surplus notes .....	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds .....	XXX	XXX	0	0
31. Unassigned funds (surplus) .....	XXX	XXX	108,877,963	161,000,028
32. Less treasury stock, at cost: 32.1 .....0 shares common (value included in Line 26 \$ .....0 ) .....	XXX	XXX		
32.2 .....0 shares preferred (value included in Line 27 \$ .....0 ) .....	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32) .....	XXX	XXX	258,665,772	280,203,155
34. Total liabilities, capital and surplus (Lines 24 and 33) .....	XXX	XXX	545,276,951	602,829,479
DETAILS OF WRITE-INS				
2301. Nursing Facility Pass Through Accrual .....	7,715,137		7,715,137	13,456,996
2302. Escheatment Liability .....	5,045,766		5,045,766	3,989,456
2303. Guaranty Funds Liability .....	71,450		71,450	0
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above) .....	12,832,353	0	12,832,353	17,446,452
2501. Health Insurance Industry Fee .....	XXX	XXX	30,584,682	0
2502. ....	XXX	XXX		
2503. ....	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	XXX	XXX	30,584,682	0
3001. ....	XXX	XXX		
3002. ....	XXX	XXX		
3003. ....	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page .....	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above) .....	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	1,763,667	2,028,888
2. Net premium income ( including \$ .....0 non-health premium income) .....	XXX	2,089,910,276	2,360,407,904
3. Change in unearned premium reserves and reserve for rate credits .....	XXX	0	
4. Fee-for-service (net of \$ .....0 medical expenses) .....	XXX	0	
5. Risk revenue .....	XXX	0	
6. Aggregate write-ins for other health care related revenues .....	XXX	323	6,581,886
7. Aggregate write-ins for other non-health revenues .....	XXX	0	0
8. Total revenues (Lines 2 to 7) .....	XXX	2,089,910,599	2,366,989,790
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....		1,429,248,440	1,541,958,111
10. Other professional services .....		34,175,820	35,286,585
11. Outside referrals .....	147,078,769	147,078,769	198,222,000
12. Emergency room and out-of-area .....	4,831,377	40,849,947	46,869,937
13. Prescription drugs .....		183,200,095	221,455,032
14. Aggregate write-ins for other hospital and medical .....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts .....		(17,166,580)	(15,126,791)
16. Subtotal (Lines 9 to 15) .....	151,910,146	1,817,386,491	2,028,664,874
<b>Less:</b>			
17. Net reinsurance recoveries .....		0	
18. Total hospital and medical (Lines 16 minus 17) .....	151,910,146	1,817,386,491	2,028,664,874
19. Non-health claims (net) .....			
20. Claims adjustment expenses, including \$ .....118,954,622 cost containment expenses .....		133,171,215	157,438,242
21. General administrative expenses .....		183,550,282	233,977,273
22. Increase in reserves for life and accident and health contracts (including \$ .....0 increase in reserves for life only) .....		(1,399,698)	12,472,596
23. Total underwriting deductions (Lines 18 through 22).....	151,910,146	2,132,708,290	2,432,552,985
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	(42,797,691)	(65,563,195)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		11,345,779	9,893,065
26. Net realized capital gains (losses) less capital gains tax of \$ .....138,032 .....		(636,518)	(13,064)
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	10,709,261	9,880,001
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ .....0 ) (amount charged off \$ .....1,143,881 )] .....		(1,143,881)	(13,477)
29. Aggregate write-ins for other income or expenses .....	0	(1,123)	(1,073)
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	XXX	(33,233,434)	(55,697,745)
31. Federal and foreign income taxes incurred .....	XXX	(11,554,163)	(4,869,887)
32. Net income (loss) (Lines 30 minus 31) .....	XXX	(21,679,271)	(50,827,858)
<b>DETAILS OF WRITE-INS</b>			
0601. Escheatment write-off .....	XXX	323	0
0602. Health Industry Fee Recoupment .....	XXX	0	6,581,886
0603 .....	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above) .....	XXX	323	6,581,886
0701. ....	XXX		
0702. ....	XXX		
0703 .....	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above) .....	XXX	0	0
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above) .....	0	0	0
2901. Penalties and Fines .....		(1,123)	(1,073)
2902. ....			
2903 .....			
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above) .....	0	(1,123)	(1,073)

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year.....	280,203,155	327,376,963
34. Net income or (loss) from Line 32 .....	(21,679,271)	(50,827,858)
35. Change in valuation basis of aggregate policy and claim reserves .....		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....340,085 .....	631,586	(643,439)
37. Change in net unrealized foreign exchange capital gain or (loss) .....		
38. Change in net deferred income tax .....	(6,235,976)	4,128,903
39. Change in nonadmitted assets .....	5,746,278	(455,677)
40. Change in unauthorized and certified reinsurance .....	0	0
41. Change in treasury stock .....	0	0
42. Change in surplus notes .....	0	0
43. Cumulative effect of changes in accounting principles.....		
44. Capital Changes:		
44.1 Paid in .....	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in .....	0	0
45.2 Transferred to capital (Stock Dividend) .....		
45.3 Transferred from capital .....		
46. Dividends to stockholders .....		
47. Aggregate write-ins for gains or (losses) in surplus .....	0	624,262
48. Net change in capital and surplus (Lines 34 to 47) .....	(21,537,383)	(47,173,808)
49. Capital and surplus end of reporting period (Line 33 plus 48)	258,665,772	280,203,155
DETAILS OF WRITE-INS		
4701. Bad Debt Allowance Correction .....	0	624,262
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page .....	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	0	624,262

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance .....	2,111,417,516	2,371,620,430
2. Net investment income .....	13,790,901	13,895,042
3. Miscellaneous income .....	6,582,209	4,164,724
4. Total (Lines 1 through 3) .....	2,131,790,626	2,389,680,196
5. Benefit and loss related payments .....	1,836,500,176	2,009,749,524
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7. Commissions, expenses paid and aggregate write-ins for deductions .....	189,762,085	375,007,073
8. Dividends paid to policyholders .....		
9. Federal and foreign income taxes paid (recovered) net of \$ .....0 tax on capital gains (losses) .....	(3,564,966)	11,322,082
10. Total (Lines 5 through 9) .....	2,022,697,295	2,396,078,679
11. Net cash from operations (Line 4 minus Line 10) .....	109,093,331	(6,398,484)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	36,343,017	30,978,582
12.2 Stocks .....	0	0
12.3 Mortgage loans .....	0	0
12.4 Real estate .....	0	0
12.5 Other invested assets .....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	(6,361)	(6,380)
12.7 Miscellaneous proceeds .....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	36,336,656	30,972,202
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	106,735,002	29,891,861
13.2 Stocks .....	0	0
13.3 Mortgage loans .....	0	0
13.4 Real estate .....	0	0
13.5 Other invested assets .....	0	0
13.6 Miscellaneous applications .....	45,305	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	106,780,307	29,891,861
14. Net increase (decrease) in contract loans and premium notes .....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(70,443,651)	1,080,341
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....	0	0
16.2 Capital and paid in surplus, less treasury stock .....	0	0
16.3 Borrowed funds .....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0
16.5 Dividends to stockholders .....	0	0
16.6 Other cash provided (applied) .....	(10,345,358)	5,393,606
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(10,345,358)	5,393,606
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	28,304,322	75,463
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	80,110,030	80,034,566
19.2 End of year (Line 18 plus Line 19.1) .....	108,414,351	80,110,030

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001. Non-cash transactions - Bonds Disposed .....	6,168,713	3,925,197
20.0002. Non-cash transactions - Bonds Acquired .....	6,168,713	3,925,197

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE HealthSpring Life & Health Insurance Company, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income .....	2,089,910,276						1,213,376,841	876,713,977	(180,542)	
2. Change in unearned premium reserves and reserve for rate credit .....	0									
3. Fee-for-service (net of \$ .....0 medical expenses) .....	0									XXX
4. Risk revenue .....	0									XXX
5. Aggregate write-ins for other health care related revenues .....	323	0	0	0	0	0	0	0	323	XXX
6. Aggregate write-ins for other non-health care related revenues .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6) .....	2,089,910,599	0	0	0	0	0	1,213,376,841	876,713,977	(180,219)	0
8. Hospital/medical benefits .....	1,429,248,440						822,909,314	606,339,126		XXX
9. Other professional services .....	34,175,820						27,545,550	6,630,270		XXX
10. Outside referrals .....	147,078,769						94,133,112	52,945,657		XXX
11. Emergency room and out-of-area .....	40,849,947						26,279,850	14,570,097		XXX
12. Prescription drugs .....	183,200,095						70,611,956	113,687,358	(1,099,219)	XXX
13. Aggregate write-ins for other hospital and medical .....	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts .....	(17,166,580)						(17,166,580)	0		XXX
15. Subtotal (Lines 8 to 14) .....	1,817,386,491	0	0	0	0	0	1,024,313,202	794,172,508	(1,099,219)	XXX
16. Net reinsurance recoveries .....	0									XXX
17. Total medical and hospital (Lines 15 minus 16).....	1,817,386,491	0	0	0	0	0	1,024,313,202	794,172,508	(1,099,219)	XXX
18. Non-health claims (net) .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$ .....118,954,622 cost containment expenses .....	133,171,215						77,401,141	55,772,108	(2,034)	
20. General administrative expenses .....	183,550,282						95,247,581	87,993,975	308,726	
21. Increase in reserves for accident and health contracts .....	(1,399,698)							(1,399,698)		XXX
22. Increase in reserves for life contracts .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22) .....	2,132,708,290	0	0	0	0	0	1,196,961,924	936,538,893	(792,527)	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23) .....	(42,797,691)	0	0	0	0	0	16,414,917	(59,824,916)	612,308	0
DETAILS OF WRITE-INS										
0501. Escheatment write-off .....	323								323	XXX
0502. ....										XXX
0503. ....										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page .....	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above) .....	323	0	0	0	0	0	0	0	323	XXX
0601. ....		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602. ....		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603. ....		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above) .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. ....										XXX
1302. ....										XXX
1303. ....										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page .....	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above) .....	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical) .....				0
2. Medicare Supplement .....				0
3. Dental only .....				0
4. Vision only .....				0
5. Federal Employees Health Benefits Plan .....	0			0
6. Title XVIII - Medicare .....	1,213,376,841			1,213,376,841
7. Title XIX - Medicaid .....	876,713,977			876,713,977
8. Other health .....	(180,542)			(180,542)
9. Health subtotal (Lines 1 through 8) .....	2,089,910,276	0	0	2,089,910,276
10. Life .....	0			0
11. Property/casualty .....	0			0
12. Totals (Lines 9 to 11)	2,089,910,276	0	0	2,089,910,276



UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct .....	1,851,083,749						1,051,544,546	799,574,331	(35,128)	
1.2 Reinsurance assumed .....	.0									
1.3 Reinsurance ceded .....	.0									
1.4 Net .....	1,851,083,749	.0	.0	.0	.0	.0	1,051,544,546	799,574,331	(35,128)	.0
2. Paid medical incentive pools and bonuses .....	(14,583,573)						(14,602,607)	19,034		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct .....	143,349,195	.0	.0	.0	.0	.0	74,677,783	62,565,912	6,105,500	.0
3.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.4 Net .....	143,349,195	.0	.0	.0	.0	.0	74,677,783	62,565,912	6,105,500	.0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct .....	.0									
4.2 Reinsurance assumed .....	.0									
4.3 Reinsurance ceded .....	.0									
4.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. Accrued medical incentive pools and bonuses, current year .....	2,665,313						2,665,313			
6. Net healthcare receivables (a) .....	(5,211,684)						(5,149,863)	(62,676)	.855	
7. Amounts recoverable from reinsurers December 31, current year .....	.0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct .....	165,091,557	.0	.0	.0	.0	.0	89,892,410	68,030,411	7,168,736	.0
8.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.4 Net .....	165,091,557	.0	.0	.0	.0	.0	89,892,410	68,030,411	7,168,736	.0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct .....	.0									
9.2 Reinsurance assumed .....	.0									
9.3 Reinsurance ceded .....	.0									
9.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
10. Accrued medical incentive pools and bonuses, prior year .....	5,248,320						5,229,286	19,034		
11. Amounts recoverable from reinsurers December 31, prior year .....	0									
12. Incurred Benefits:										
12.1 Direct .....	1,834,553,071	.0	.0	.0	.0	.0	1,041,479,782	794,172,508	(1,099,219)	.0
12.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12.4 Net .....	1,834,553,071	0	0	0	0	0	1,041,479,782	794,172,508	(1,099,219)	0
13. Incurred medical incentive pools and bonuses .....	(17,166,580)	0	0	0	0	0	(17,166,580)	0	0	0

(a) Excludes \$ .0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct .....	26,046,343						16,573,136	6,405,326	3,067,881	
1.2 Reinsurance assumed .....	0									
1.3 Reinsurance ceded .....	0									
1.4 Net .....	26,046,343	0	0	0	0	0	16,573,136	6,405,326	3,067,881	0
2. Incurred but Unreported:										
2.1 Direct .....	117,302,852						58,104,647	56,160,586	3,037,619	
2.2 Reinsurance assumed .....	0									
2.3 Reinsurance ceded .....	0									
2.4 Net .....	117,302,852	0	0	0	0	0	58,104,647	56,160,586	3,037,619	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....	0									
3.2 Reinsurance assumed .....	0									
3.3 Reinsurance ceded .....	0									
3.4 Net .....	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1 Direct .....	143,349,195	0	0	0	0	0	74,677,783	62,565,912	6,105,500	0
4.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0
4.4 Net .....	143,349,195	0	0	0	0	0	74,677,783	62,565,912	6,105,500	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year	Claims Incurred In Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical) .....					0	0
2. Medicare Supplement .....					0	0
3. Dental Only .....					0	0
4. Vision Only .....					0	0
5. Federal Employees Health Benefits Plan .....					0	0
6. Title XVIII - Medicare .....	52,251,755	999,292,791	2,894,769	71,783,015	55,146,524	89,892,411
7. Title XIX - Medicaid .....	47,065,680	752,508,651	1,350,426	61,215,485	48,416,106	68,030,410
8. Other health .....	1,156,888	(1,192,016)	6,105,085	415	7,261,973	7,168,736
9. Health subtotal (Lines 1 to 8) .....	100,474,323	1,750,609,426	10,350,280	132,998,915	110,824,603	165,091,557
10. Healthcare receivables (a) .....	2,099,793	7,523,941		17,136,674	2,099,793	31,972,092
11. Other non-health .....					0	0
12. Medical incentive pools and bonus amounts .....	3,437,692	(18,021,265)	1,162,156	1,503,157	4,599,848	5,248,320
13. Totals (Lines 9 - 10 + 11 + 12)	101,812,222	1,725,064,220	11,512,436	117,365,398	113,324,658	138,367,785

(a) Excludes \$ ..... loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(\$000 Omitted)

Section A - Paid Health Claims - Title XVIII

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior .....	63,479	64,719	64,762	64,762	64,761
2.	2013 .....	1,008,100	1,082,842	1,083,037	1,083,317	1,083,317
3.	2014 .....	XXX	1,055,722	1,093,785	1,092,827	1,092,741
4.	2015 .....	XXX	XXX	1,083,679	1,147,453	1,147,080
5.	2016 .....	XXX	XXX	XXX	1,174,446	1,225,608
6.	2017 .....	XXX	XXX	XXX	XXX	991,389

Section B - Incurred Health Claims - Title XVIII

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior .....	66,063	64,719	64,762	64,762	64,761
2.	2013 .....	1,118,117	1,086,378	1,083,037	1,083,317	1,083,317
3.	2014 .....	XXX	1,139,777	1,097,193	1,092,827	1,092,741
4.	2015 .....	XXX	XXX	1,171,022	1,154,062	1,147,080
5.	2016 .....	XXX	XXX	XXX	1,262,959	1,229,665
6.	2017 .....	XXX	XXX	XXX	XXX	1,064,675

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XVIII

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payment	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10  (Col. 9/1) Percent
1. 2013 .....	1,310,114	1,083,317	60,508	5.6	1,143,825	87.3			1,143,825	87.3
2. 2014 .....	1,363,018	1,092,741	83,502	7.6	1,176,243	86.3			1,176,243	86.3
3. 2015 .....	1,388,482	1,147,080	90,740	7.9	1,237,820	89.1			1,237,820	89.1
4. 2016 .....	1,501,361	1,225,608	114,713	9.4	1,340,321	89.3	4,057	49	1,344,427	89.5
5. 2017 .....	1,217,948	991,389	67,482	6.8	1,058,871	86.9	73,285	888	1,133,044	93.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(\$000 Omitted)

Section A - Paid Health Claims - Title XIX

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior .....	13,970	13,761	13,666	13,666	13,666
2.	2013 .....	248,602	265,800	265,837	265,960	265,960
3.	2014 .....	XXX	314,211	346,056	346,452	346,517
4.	2015 .....	XXX	XXX	655,544	708,604	709,652
5.	2016 .....	XXX	XXX	XXX	723,047	771,965
6.	2017 .....	XXX	XXX	XXX	XXX	749,626

Section B - Incurred Health Claims - Title XIX

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior .....	14,245	13,761	13,666	13,666	13,666
2.	2013 .....	265,307	265,850	265,837	265,960	265,960
3.	2014 .....	XXX	358,835	346,111	346,452	346,517
4.	2015 .....	XXX	XXX	712,747	709,806	709,652
5.	2016 .....	XXX	XXX	XXX	789,894	773,315
6.	2017 .....	XXX	XXX	XXX	XXX	810,841

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XIX

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payment	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10  (Col. 9/1) Percent
1. 2013 .....	316,539	265,960	3,094	1.2	269,054	85.0			269,054	85.0
2. 2014 .....	408,639	346,517	29,299	8.5	375,816	92.0			375,816	92.0
3. 2015 .....	830,045	709,652	60,924	8.6	770,576	92.8			770,576	92.8
4. 2016 .....	857,170	771,965	82,202	10.6	854,167	99.6	1,350	21	855,538	99.8
5. 2017 .....	868,044	749,626	50,126	6.7	799,752	92.1	61,216	963	861,931	99.3

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(\$000 Omitted)

Section A - Paid Health Claims - Other

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior .....	(5,971)	(5,971)	(5,971)	(5,970)	(5,972)
2.	2013 .....	409,630	392,307	392,307	392,307	392,307
3.	2014 .....	XXX	409,957	344,858	341,612	341,577
4.	2015 .....	XXX	XXX	62,785	62,706	62,706
5.	2016 .....	XXX	XXX	XXX	78	78
6.	2017 .....	XXX	XXX	XXX	XXX	(1)

Section B - Incurred Health Claims - Other

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior .....	(3,483)	(5,971)	(5,971)	(5,970)	(5,972)
2.	2013 .....	454,260	395,654	392,307	392,307	392,307
3.	2014 .....	XXX	418,758	349,443	348,780	347,682
4.	2015 .....	XXX	XXX	62,785	62,706	62,706
5.	2016 .....	XXX	XXX	XXX	78	78
6.	2017 .....	XXX	XXX	XXX	XXX	0

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Other

Years in which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payment	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	(Col. 9/1) Percent
1. 2013 .....	499,921	392,307	12,737	3.2	405,044	81.0			405,044	81.0
2. 2014 .....	431,570	341,577	27,715	8.1	369,292	85.6	6,105		375,397	87.0
3. 2015 .....	(9,346)	62,706	539	0.9	63,245	(676.7)			63,245	(676.7)
4. 2016 .....	(2)	78	0	0.0	78	(4,307.1)			78	(4,307.1)
5. 2017 .....	785	(1)	(1)	100.0	(2)	(0.3)	0		(2)	(0.3)

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(\$000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior .....	71,478	72,509	72,457	72,458	72,455
2.	2013 .....	1,666,332	1,740,949	1,741,181	1,741,584	1,741,584
3.	2014 .....	XXX	1,779,889	1,784,699	1,780,891	1,780,835
4.	2015 .....	XXX	XXX	1,802,008	1,918,763	1,919,438
5.	2016 .....	XXX	XXX	XXX	1,897,571	1,997,651
6.	2017 .....	XXX	XXX	XXX	XXX	1,741,014

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior .....	76,825	72,509	72,457	72,458	72,455
2.	2013 .....	1,837,684	1,747,881	1,741,181	1,741,584	1,741,584
3.	2014 .....	XXX	1,917,369	1,792,748	1,788,059	1,786,940
4.	2015 .....	XXX	XXX	1,946,554	1,926,574	1,919,438
5.	2016 .....	XXX	XXX	XXX	2,052,931	2,003,058
6.	2017 .....	XXX	XXX	XXX	XXX	1,875,516

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payment	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10  (Col. 9/1) Percent
1. 2013 .....	2,126,574	1,741,584	76,339	4.4	1,817,923	85.5	0	0	1,817,923	85.5
2. 2014 .....	2,203,228	1,780,835	140,516	7.9	1,921,351	87.2	6,105	0	1,927,456	87.5
3. 2015 .....	2,209,181	1,919,438	152,203	7.9	2,071,641	93.8	0	0	2,071,641	93.8
4. 2016 .....	2,358,530	1,997,651	196,915	9.9	2,194,566	93.0	5,407	70	2,200,043	93.3
5. 2017 .....	2,086,777	1,741,014	117,607	6.8	1,858,621	89.1	134,501	1,851	1,994,973	95.6

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....	0								
2. Additional policy reserves (a) .....	26,055,312							26,055,312	
3. Reserve for future contingent benefits .....	0								
4. Reserve for rate credits or experience rating refunds (including \$ .....0 ) for investment income .....	11,407,167						134,322	11,272,845	
5. Aggregate write-ins for other policy reserves .....	3,798,493	0	0	0	0	0	3,792,126	6,367	0
6. Totals (gross) .....	41,260,972	0	0	0	0	0	3,926,448	37,334,524	0
7. Reinsurance ceded .....	0								
8. Totals (Net)(Page 3, Line 4) .....	41,260,972	0	0	0	0	0	3,926,448	37,334,524	0
9. Present value of amounts not yet due on claims .....	0								
10. Reserve for future contingent benefits .....	0								
11. Aggregate write-ins for other claim reserves .....	0	0	0	0	0	0	0	0	0
12. Totals (gross) .....	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded .....	0								
14. Totals (Net)(Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501. CMS Risk Corridor .....	3,798,493						3,792,126	6,367	
0502. ....									
0503. ....									
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	3,798,493	0	0	0	0	0	3,792,126	6,367	0
1101. ....									
1102. ....									
1103. ....									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ .....26,055,312 premium deficiency reserve.



UNDERWRITING AND INVESTMENT EXHIBIT

	Claim Adjustment Expenses		3	4	5
	1	2			
	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$ .....0 for occupancy of own building) .....	440,433	269,832	7,821,375		8,531,640
2. Salary, wages and other benefits .....	54,050,975	10,162,200	91,143,661		155,356,836
3. Commissions (less \$ .....0 ceded plus \$ .....0 assumed) .....	75		15,154,359		15,154,434
4. Legal fees and expenses .....	1,209	3,228	102,071		106,508
5. Certifications and accreditation fees .....					0
6. Auditing, actuarial and other consulting services ....	6,032,748	2,126,977	16,951,677		25,111,402
7. Traveling expenses .....	918,491	189,409	2,820,837		3,928,737
8. Marketing and advertising .....		3,774	3,302,962		3,306,736
9. Postage, express and telephone .....	296,611	109,142	1,357,800		1,763,553
10. Printing and office supplies .....	313,497	99,678	2,685,584		3,098,759
11. Occupancy, depreciation and amortization .....					0
12. Equipment .....	16,969	35,233	1,108,642		1,160,844
13. Cost or depreciation of EDP equipment and software .....	1,312	182	(1,103)		391
14. Outsourced services including EDP, claims, and other services .....	53,530,690	1,222,381	2,247,284		57,000,355
15. Boards, bureaus and association fees .....	29,146	7,259	93,670		130,075
16. Insurance, except on real estate .....					0
17. Collection and bank service charges .....	20	4,147	137,148		141,315
18. Group service and administration fees .....					0
19. Reimbursements by uninsured plans .....					0
20. Reimbursements from fiscal intermediaries .....					0
21. Real estate expenses .....					0
22. Real estate taxes .....					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes .....			(57,472)		(57,472)
23.2 State premium taxes .....			15,983,266		15,983,266
23.3 Regulatory authority licenses and fees .....			76,594		76,594
23.4 Payroll taxes .....	3,301,733	614,089	5,473,244		9,389,066
23.5 Other (excluding federal income and real estate taxes) .....			280,906		280,906
24. Investment expenses not included elsewhere .....				652,548	652,548
25. Aggregate write-ins for expenses .....	20,713	(630,938)	16,867,777	0	16,257,552
26. Total expenses incurred (Lines 1 to 25) .....	118,954,622	14,216,593	183,550,282	652,548	(a) .....317,374,045
27. Less expenses unpaid December 31, current year ..	1,716,406	205,132	2,390,491		4,312,029
28. Add expenses unpaid December 31, prior year .....	2,314,078	378,005	2,279,432	0	4,971,515
29. Amounts receivable relating to uninsured plans, prior year .....			130,009,756	0	130,009,756
30. Amounts receivable relating to uninsured plans, current year .....	0	0	0		0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....	119,552,294	14,389,466	53,429,467	652,548	188,023,775
DETAILS OF WRITE-INS					
2501. Other General Expense .....	20,713	104,978	15,761,643		15,887,334
2502. Part D Admin Fees .....		34,629	1,106,134		1,140,763
2503. Loss Adjustment Expense .....		(770,545)			(770,545)
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	20,713	(630,938)	16,867,777	0	16,257,552

(a) Includes management fees of \$ .....235,467,501 to affiliates and \$ .....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. government bonds .....	(a) .....140,941	.....140,972
1.1	Bonds exempt from U.S. tax .....	(a) .....	.....
1.2	Other bonds (unaffiliated) .....	(a) .....10,855,475	.....11,030,623
1.3	Bonds of affiliates .....	(a) .....	.....
2.1	Preferred stocks (unaffiliated) .....	(b) .....	.....
2.11	Preferred stocks of affiliates .....	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans .....	(c) .....	.....
4.	Real estate .....	(d) .....	.....
5	Contract Loans .....	.....	.....
6	Cash, cash equivalents and short-term investments .....	(e) .....814,877	.....814,877
7	Derivative instruments .....	(f) .....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....11,855	.....11,855
10.	Total gross investment income .....	11,823,148	11,998,327
11.	Investment expenses .....		(g) .....652,548
12.	Investment taxes, licenses and fees, excluding federal income taxes .....		(g) .....0
13.	Interest expense .....		(h) .....
14.	Depreciation on real estate and other invested assets .....		(i) .....
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....652,548
17.	Net investment income (Line 10 minus Line 16)		11,345,779
DETAILS OF WRITE-INS			
0901.	Intercompany Loan expense .....	(13,108)	(13,108)
0902.	Misc Inv Income .....	24,963	24,963
0903.	.....		
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	11,855	11,855
1501.	.....		
1502.	.....		
1503.	.....		
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ .....161,139 accrual of discount less \$ .....2,781,441 amortization of premium and less \$ .....382,534 paid for accrued interest on purchases.
- (b) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued dividends on purchases.
- (c) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.
- (d) Includes \$ ..... for company's occupancy of its own buildings; and excludes \$ ..... interest on encumbrances.
- (e) Includes \$ .....814,877 accrual of discount less \$ .....0 amortization of premium and less \$ .....0 paid for accrued interest on purchases.
- (f) Includes \$ ..... accrual of discount less \$ ..... amortization of premium.
- (g) Includes \$. ..... investment expenses and \$ ..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ ..... interest on surplus notes and \$ ..... interest on capital notes.
- (i) Includes \$ ..... depreciation on real estate and \$ ..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	0	0	0	0	0
1.1	Bonds exempt from U.S. tax .....			0		
1.2	Other bonds (unaffiliated) .....	(492,126)	0	(492,126)	971,672	0
1.3	Bonds of affiliates .....	0	0	0	0	0
2.1	Preferred stocks (unaffiliated) .....	0	0	0	0	0
2.11	Preferred stocks of affiliates .....	0	0	0	0	0
2.2	Common stocks (unaffiliated) .....	0	0	0	0	0
2.21	Common stocks of affiliates .....	0	0	0	0	0
3.	Mortgage loans .....		0	0	0	0
4.	Real estate .....		0	0		0
5.	Contract loans .....			0		
6.	Cash, cash equivalents and short-term investments .....	(6,361)	0	(6,361)	0	0
7.	Derivative instruments .....			0		
8.	Other invested assets .....		0	0	0	0
9.	Aggregate write-ins for capital gains (losses) .....	0	0	0	0	0
10.	Total capital gains (losses)	(498,487)	0	(498,487)	971,672	0
DETAILS OF WRITE-INS						
0901.	.....					
0902.	.....					
0903.	.....					
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT OF NON-ADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D) .....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....			0
2.2 Common stocks .....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale .....			0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA) .....			0
6. Contract loans .....			0
7. Derivatives (Schedule DB) .....			0
8. Other invested assets (Schedule BA) .....			0
9. Receivables for securities .....	0		0
10. Securities lending reinvested collateral assets (Schedule DL) .....			0
11. Aggregate write-ins for invested assets .....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	0	0	0
13. Title plants (for Title insurers only) .....			0
14. Investment income due and accrued .....	0		0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....	218	453,113	452,895
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			0
15.3 Accrued retrospective premiums and contracts subject to redetermination .....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....			0
16.2 Funds held by or deposited with reinsured companies .....			0
16.3 Other amounts receivable under reinsurance contracts .....			0
17. Amounts receivable relating to uninsured plans .....			0
18.1 Current federal and foreign income tax recoverable and interest thereon .....			0
18.2 Net deferred tax asset .....	101,714	872,818	771,104
19. Guaranty funds receivable or on deposit .....			0
20. Electronic data processing equipment and software .....			0
21. Furniture and equipment, including health care delivery assets .....			0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0
23. Receivable from parent, subsidiaries and affiliates .....			0
24. Health care and other amounts receivable .....	3,524,020	8,046,299	4,522,279
25. Aggregate write-ins for other than invested assets .....	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	3,625,952	9,372,230	5,746,278
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0
28. Total (Lines 26 and 27) .....	3,625,952	9,372,230	5,746,278
DETAILS OF WRITE-INS			
1101. ....			
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above) .....	0	0	0
2501. ....			
2502. ....			
2503. ....			
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	0	0	0

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations .....						
2. Provider Service Organizations .....						
3. Preferred Provider Organizations .....						
4. Point of Service .....						
5. Indemnity Only .....						
6. Aggregate write-ins for other lines of business.....	161,995	147,983	145,405	146,137	148,044	1,763,667
7. Total	161,995	147,983	145,405	146,137	148,044	1,763,667
DETAILS OF WRITE-INS						
0601. Medicare Advantage .....	110,353	96,639	94,090	94,372	96,326	1,145,616
0602. Medicaid .....	51,642	51,344	51,315	51,765	51,718	618,051
0603. ....						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	161,995	147,983	145,405	146,137	148,044	1,763,667

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Going Concern

Affordable Care Act Section 9010 Insurer Fee

Federal legislation imposed a moratorium on the Affordable Care Act (“ACA”) Section 9010 insurer fee for 2017 and 2019. This annual fee will be assessed in 2018 and, under current law, will return again in 2020 and beyond. Cigna covered entities’ share of the annual fee is based on the ratio of the amount of their aggregate net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding year. A health insurance entity’s portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2017, the Company has written health insurance subject to the ACA assessment, and expects to conduct health insurance business in 2018. The ACA fee assessment paid was \$31,011,380 in 2016.

A. Accounting Practices

The financial statements of HealthSpring Life & Health Insurance Company, Inc. (the Company) are presented on the basis of accounting practices prescribed or permitted by the Texas Department of Insurance (the Department).

The Department recognizes only statutory accounting practices prescribed or permitted by the state of Texas for determining and reporting the financial condition and results of operations of a Health Maintenance Organization (HMO) for determining solvency under Texas Insurance Law. The National Association of Insurance Commissioners’ (the NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Texas. While the Department has adopted certain prescribed accounting practices that differ from those found in NAIC SAP, the Company’s financials were not affected by those differences in 2017 or 2016.

A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the Department is shown below:

	SSAP #	F/S Page	F/S Line #	2017	2016
<b>NET INCOME</b>					
(1) State basis (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	\$ (21,679,271)	\$ (50,827,858)
(2) State Prescribed Practices that increase/(decrease) NAIC SAP:					
None	-	-	-	-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP:					
None	-	-	-	-	-
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	<u>\$ (21,679,271)</u>	<u>\$ (50,827,858)</u>
<b>SURPLUS</b>					
(5) State basis (Page 3, Line 33, Columns 3 & 4)	XXX	XXX	XXX	\$ 258,665,772	\$ 280,203,155
(6) State Prescribed Practices that increase/(decrease) NAIC SAP:					
None	-	-	-	-	-
(7) State Permitted Practices that increase/(decrease) NAIC SAP:					
None	-	-	-	-	-
(8) Surplus per NAIC SAP (5-6-7=8)	XXX	XXX	XXX	<u>\$ 258,665,772</u>	<u>\$ 280,203,155</u>

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with NAIC SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. The most significant item subject to estimates and assumptions is the actuarially determined medical claims liabilities included in the financial statements. Other significant estimates are the estimated risk adjustment payments receivable from CMS, certain amounts recorded related the Medicare Part D (Part D) program, and unpaid claims adjustment expenses.

The Company estimates claims payable and liabilities for incurred but unreported claims by utilizing historical claims data and actuarially determined data, and adjusting the data by trend factors. Because actuarial information is utilized to project future liabilities, it is reasonably possible that the estimated liability may be adjusted in future periods upon receipt of more current information.

C. Accounting Policies

Net premium income represents premiums collected on Medicare Advantage, Medicaid and from its members. Net premium income is due monthly from the Centers of Medicare and Medicaid Services (CMS), the Texas Health and Human Services Commission (HHSC) and from its members, and is recognized as revenue during the period in which the Company is obligated to provide services to members. Premiums collected in advance are deferred and recorded as advance payments.

*Medicare Advantage:* The Company's Medicare premium revenue is subject to adjustment based on the health risk of its members. This process for adjusting premiums is referred to as the CMS risk adjustment payment methodology. Under the risk adjustment payment methodology, managed care plans must capture, collect, and report diagnosis code information to CMS. After reviewing the respective submissions, CMS establishes the payments to Medicare plans generally at the beginning of the calendar year, and then adjusts premium levels on two separate occasions on a retroactive basis. The first retroactive risk premium adjustment for a given fiscal year generally occurs during the third quarter of such fiscal year. This initial settlement (the Initial CMS Settlement) represents the updating of risk scores for the current year based on the prior year's dates of service. CMS then issues a final retroactive risk premium adjustment settlement for the fiscal year in the following year (the Final CMS Settlement) based on the prior's dates of service. The Company estimates and records on a monthly basis both the Initial CMS Settlement and the Final CMS Settlement for the current CMS plan year. All such estimated amounts are periodically updated as necessary as additional diagnosis code information is reported to CMS and adjusted to actual amounts when the ultimate adjustment settlements are either received from CMS or the Company receives notification from CMS of such settlement amounts.

As a result of the variability of factors, including plan risk scores, that determine such estimations, the actual amount of CMS's retroactive risk premium settlement adjustments could be materially more or less than the Company's estimates. The Company's risk adjustment payments are subject to review and audit by CMS, which can potentially take several years to resolve completely. Any adjustment to net premium income and the related medical expense for risk-sharing arrangements with providers as a result of such review and audit would be recorded when estimable.

*Medicare Part D:* The Company provides prescription drug benefits pursuant to Medicare Advantage Part D. Prescription drug benefits under Medicare Advantage plans vary in terms of coverage levels and out-of-pocket costs for premiums, deductibles, and coinsurance. All Part D plans are required by law to offer either standard coverage or its actuarial equivalent (with out-of-pocket threshold and deductible amounts that do not exceed those of standard coverage). In addition to standard coverage plans, the Company offers supplemental benefits in excess of the standard coverage.

To participate in Part D, the Company was required to provide written bids to CMS, which among other items, included the estimated costs of providing prescription drug benefits. Payments from CMS are based on these estimated costs. The monthly Part D payments the Company receives from CMS for Part D plans generally represent the Company's bid amount for providing insurance coverage, both standard and supplemental, and is recognized monthly as net premium income. The amount of CMS

payments relating to the Part D standard coverage for MA-PD and PDP plans is subject to adjustment, positive or negative, based upon the application of risk corridors that compare the Company's prescription drug costs in its bids to CMS to the Company's actual prescription drug costs. Variances exceeding certain thresholds may result in CMS making additional payments to the Company or the Company's refunding to CMS a portion of the premium payments it previously received. The Company estimates and recognizes an adjustment to net premium income related to estimated risk corridor payments based upon its actual prescription drug cost for each reporting period as if the annual contract were to end at the end of each reporting period, in accordance with NAIC Interpretation No. 05-05, *Accounting for Revenues under Medicare Part D Coverage*. Risk corridor adjustments do not take into account estimated future prescription drug costs.

The Company recognizes net premium income for the Part D payments received from CMS for which it assumes risk. Certain Part D payments from CMS represent payments for claims the Company pays for which it assumes no risk. The Company accounts for these subsidies as amounts receivable relating to uninsured plans or liability for amounts held under uninsured plans on the balance sheet. The Company does not recognize premium income or hospital, medical, and pharmaceutical expenses for these subsidies as these amounts represent pass-through payments from CMS to fund deductibles, copayments, and other member benefits.

The Company recognizes prescription drug costs as incurred, net of rebates from drug companies. The Company has subcontracted the prescription drug claims administration to a third-party pharmacy benefit manager.

*Medicaid:* Medicaid experience rebate payable consists of estimates of amounts due under Medicaid contracts with the HHSC. These amounts are computed based on a percentage of Medicaid profits as defined in the contract with HHSC. The profitability computation includes premium revenue earned from the state less actual medical and administrative costs incurred and paid and less estimated unpaid claims payable for applicable membership. The unpaid claims payable estimates are based on historical payment patterns using actuarial techniques. A final settlement is generally made 334 days after the contract period ends using paid claims data and is subject to audit by HHSC any time thereafter. Any adjustment made to the experience rebate payable as a result of final settlement is included in current operations.

Cost of care that is paid on a fee-for-service basis, a per diem basis, or other basis includes actual reported claims and an estimate of incurred but not reported (IBNR) claims. IBNR claims are estimated by using historical trends, current membership statistics, and other information. Cost of care paid on a capitation basis is recognized in the month of coverage. Cost of pharmaceuticals is recognized in the month incurred.

Acquisition costs are certain marketing costs that vary with, and are primarily related to, the acquisition of member contracts. These costs are expensed as incurred and are included in general and administrative expenses in the accompanying statement of revenue and expenses.

In the normal course of business, the Company enters into transactions involving various types of financial instruments. These financial instruments primarily include bonds on the balance sheet. These instruments may change in value due to interest rate and market fluctuations and most also have credit risk. The Company evaluates and monitors each financial instrument individually. The Company did not have any off-balance sheet financial instruments as of December 31, 2017 and 2016.

Fair values of financial instruments are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality. In instances where there is little or no activity for the same or similar instruments, the Company estimates fair value using methods, models, and assumptions that the Company believes a hypothetical market participant would use to determine a current transaction price.

Cash and cash equivalents consist of cash and short-term investments that will mature in three months or less from the time of purchase.

Health premiums due and uncollected are recorded during the period the Company is obligated to provide services to members and do not bear interest. Balances greater than 90 days past due which are not reserved are included as non-admitted assets. Account

balances are charged off after all means of collection have been exhausted and the potential for recovery is considered remote. Health premiums under government insured plans, including amounts over 90 days due that qualify as accident and health contracts in accordance with SSAP No. 50, *Classifications and Definitions of Insurance or Managed Care Contracts in Force*, are included in admitted assets.

When interest and principal payments on bonds are current, the Company recognizes interest income when it is earned. The Company stops recognizing interest income when interest payments are 90 days past due or when certain terms (interest rate or maturity date) of the bond have been restructured. Investment income on these bonds is only recognized when interest payments are received.

Investments and investment income due and accrued are evaluated in accordance with SSAP No. 5R, *Liabilities, Contingencies, and Impairments of Assets – Revised* (SSAP 5R), to determine whether impairment exists. Any amounts determined to be uncollectible are written off through the statutory basis statements of income. No amounts were written off during 2017 or 2016.

Unrealized capital gains and losses on investments carried at fair value are reflected directly in unassigned surplus. Realized capital gains and losses resulting from sales and investment asset write-downs are based on specifically identified assets and are recognized in net income. The Company had no write-downs of investment assets in 2017 or 2016.

The Company is included in the consolidated United States federal income tax return filed by Cigna. Pursuant to the Tax Sharing Agreement with Cigna, federal income taxes are allocated to the Company as if it were filing on a separate return basis. The tax benefit of net operating losses, capital losses, and tax credits are funded to the extent they reduce the consolidated federal income tax liability. The Company generally recognizes deferred income taxes when assets and liabilities have different values for financial statement and tax reporting purposes (temporary differences). Limitations of the admitted amount of the deferred tax asset are calculated in accordance with SSAP No. 101, *Income Taxes – A Replacement of SSAP No. 10R and SSAP No. 10* (SSAP 101). Additional detailed information about the Company's income taxes is disclosed in Note 9.

In accordance with various SSAP's, certain assets or certain portions of assets are excluded from the Company's admitted assets on its balance sheet through a direct charge to unassigned surplus. These nonadmitted assets may include intangible assets, capitalized software, furniture and equipment, leasehold improvements, unsecured receivables, prepaid expenses, overdue insurance premiums and subsidiary investments. Certain assets are limited by factors, such as a percentage of surplus, as to the amounts that qualify as admitted assets. Such assets may include electronic data processing equipment and deferred taxes.

The Company elected to use rounding in reporting certain amounts within the statement. The amounts in this statement pertain to the entire Company's business.

In addition, the Company uses the following accounting policies:

1. Investments with a maturity greater than three months but less than one year at the time of purchase are included in short-term investments and are carried at amortized cost.
2. Investments in bonds and short-term investments designated highest quality (NAIC-1) and high quality (NAIC-2) are carried at amortized cost. All others are carried at the lesser of cost or fair value. Amortization of bond premium or discount is calculated using the scientific (constant yield) interest method. Bonds containing call provisions are amortized to call value/date which produces the lowest asset value (yield to worst). Investments with original maturities of less than one year from the time of purchase are classified as short-term. Bonds are considered impaired and their cost basis is written down to fair value through net income, when management expects a decline in value to persist (i.e., the decline is other-than-temporary).
3. Common stocks – not applicable.
4. Preferred stocks – not applicable.
5. Mortgage loans – not applicable.



6. Loan-backed bonds and structured securities are stated at amortized cost using the constant yield method. Significant changes in estimated cash flows from the original purchase assumptions are accounted for generally using the retrospective method. Significant changes in estimated cash flows from the original purchase assumptions for loan-backed and structured securities that have potential for loss of a significant portion of the original investment are accounted for using the prospective method. These securities are presented on the balance sheet as bonds.
7. Investments in subsidiaries, controlled, and affiliated (SCA) entities – not applicable.
8. Investments in joint ventures, partnerships, and limited liabilities companies – not applicable.
9. Derivatives – not applicable.
10. Aggregate Policy Reserves: The Company includes an accrual for losses where it is probable that expected future health care costs and maintenance costs under a group of existing contracts will exceed anticipated future premiums and insurance recoveries on those contracts, known as Premium Deficiency Reserve (PDR). The Company does not utilize anticipated investment income as a factor in the premium deficiency calculation.

The Affordable Care Act (ACA) requires health insurance issuers to submit data on the proportion of premium revenues spent on clinical services and quality improvement, also known as the Medical Loss Ratio (MLR). The Company includes an accrual for MLR rebates to enrollees if this percentage does not meet minimum standards.

11. Unpaid claims and claims adjustment expenses represent the Company's liability for services that have been performed by providers for members that have not been settled. These liabilities include medical claims reported to the Company, as well as an actuarially determined estimate of claims that have been incurred but not yet reported (IBNR) to the Company. The IBNR component is based upon the Company's historical claims data, current enrollment, health services utilization statistics and other related information. Estimating IBNR is complex and involves a significant amount of judgment. Changes in this estimate can materially affect, either favorably or unfavorably, the Company's statement of revenues and expenses or overall financial position.

The Company develops its estimate for IBNR using standard actuarial development methodologies, including the completion factor method. This method estimates liabilities for claims based upon the historical lag between the month when services are rendered and the month claims are paid and takes into consideration factors such as expected medical cost inflation, seasonality patterns, product mix, and membership changes. The completion factor is a measure of how complete the claims paid to date are relative to the estimate of the total claims for services rendered for a given reporting period. Although the completion factors are generally reliable for older service periods, they are more volatile, and hence less reliable, for more recent periods, given that the typical billing lag for services can range from a week to as much as 90 days from the date of service. As a result, for the most recent two to four months, the estimate for incurred claims is developed by also considering recent per member per month claim trends.

Each period, the Company reexamines the previously established estimates of claims payable and liabilities for IBNR claims based on actual claim submissions and other relevant changes in facts and circumstances. As the estimated liabilities recorded in prior periods become more exact, the Company increases or decreases the amount of the estimates, and includes the changes in hospital, medical, and pharmaceutical expenses in the period in which the change is identified. Therefore, the Company's reported results include the effects of more completely developed estimates associated with prior years.

The Company contracts with physicians or provider groups to provide medical services to their members. The Company pays capitation or negotiated fees for defined services provided by the physicians. The Company and some of the physicians have entered into incentive sharing agreements. Under the terms of these agreements, certain providers are eligible to receive a provider bonus based on

qualitative and quantitative factors. Incentive sharing balances are estimated using current experience to calculate the current receivable or payable for each contract. These estimates may be adjusted based on actual experience and contract terms. The incentive sharing receivables and payables are reported gross on the balance sheet. Incentive sharing receivables are admitted in accordance with SSAP No. 84, *Certain Health Care Receivables and Receivables Under Government Insured Plans*.

Included in hospital, medical, and pharmaceutical expenses are claim payments, capitation payments, risk-sharing payments, and pharmacy costs, net of rebates, as well as estimates of future payments of claims provided for services rendered prior to year-end. Capitation payments represent monthly contractual fees disbursed to physicians and other providers who are responsible for providing medical care to members. Risk sharing payments represent amounts paid under risk sharing arrangements with providers including independent physician associations. Pharmacy costs represent payments for members' prescription drug benefits, net of rebates from drug manufacturers. Rebates are recognized when the rebates are earned according to the contractual arrangements with the respective vendors.

12. The Company has not modified its capitalization policy from the prior period.

13. Pharmacy rebate receivables consist of reasonably estimable amounts, based upon utilization data and past history, and billed amounts to pharmaceutical companies. In accordance with SSAP No. 84, *Health Care Receivables and Government Insured Plan Receivables*, pharmacy rebate receivables are included as Healthcare Receivables on the statutory basis statements of admitted assets, liabilities, and capital and surplus. The income from pharmacy rebates is reported as a reduction of claims expense in the statutory basis statements of income. Generally, rebate amounts are invoiced within fifteen days after each quarter-end and settled within 85 days of the invoice date. Pharmaceutical rebates billed but uncollected less than 90 days of invoice date along with confirmed amounts that are over 90 days and will not be paid until close of plan year have been admitted.

14. Claims overpayment receivables invoiced and expected to be collected within 90 days of invoice date have been admitted.

15. Effective January 1, 2015, the Company adopted SSAP No. 106, *Affordable Care Act Assessments*, for the annual health insurance industry fee imposed under Section 9010 of the Affordable Care Act (ACA). Refer to Note 22 for additional information about this fee and the estimated financial impact to the Company.

D. Going Concern - Not applicable

## 2. Accounting Changes and Corrections of Errors

### A. Material Changes in Accounting Principles and/or Correction of Errors

Changes in Accounting Principles – On December 10, 2016, in response to industry comments, the NAIC adopted revisions to SSAP 35R (Ref #2016-38) to allow the consideration of renewals of in-force short-term health contracts when recognizing accruals of premium tax credit assets in instances when retrospective-premium-based assessments are imposed on short-term health contracts for the insolvencies of insurers that wrote long-term care contracts. This guidance was effective January 1, 2017. This results in a difference from GAAP that does not allow consideration of expected renewals of short-duration contracts.

Corrections of Errors – None

## 3. Business Combinations and Goodwill

A. Statutory Purchase Method – not applicable.

B. Statutory Merger – not applicable.

C. Assumption Reinsurance – not applicable.

D. Impairment Loss – not applicable.

4. Discontinued Operations
- A. Discontinued Operation Disposed of or Classified as Held for Sale – not applicable.
- B. Change in Plan of Sale of Discontinued Operation – not applicable.
- C. Nature of Any Significant Continuing Involvement with Discontinued Operations After Disposal – not applicable.
- D. Equity Interest Retained in the Discontinued Operation After Disposal – not applicable.
5. Investments
- A. Mortgage Loans, including Mezzanine Real Estate Loans – not applicable.
- B. Debt Restructuring – not applicable.
- C. Reverse Mortgages – not applicable.
- D. Loan-Backed Securities
1. Prepayment assumptions for loan-backed securities and other structured securities were obtained from external financial data sources. These assumptions are consistent with the current interest rate and economic environment.
2. The Company had no loan-backed and structured securities with recognized other-than-temporary impairments where the Company had the intent to sell or does not have the intent and ability to retain the investment for a period of time sufficient to recover the amortized cost basis as of December 31, 2017.
3. The Company had no loan-backed and structured securities with recognized other-than-temporary impairments where the present value of cash flow expected to be collected is less than the amortized cost basis as of December 31, 2017.
4. As of December 31, 2017, loan-backed and structured securities with a decline in fair value from amortized cost were as follows, including the length of time of such decline:
- a. The aggregate amount of unrealized losses:
- |                         |    |    |
|-------------------------|----|----|
| 1. Less than 12 months: | \$ | 51 |
| 2. 12 months or longer: | \$ | -  |
- b. The aggregate related fair value of securities with unrealized losses:
- |                         |    |        |
|-------------------------|----|--------|
| 1. Less than 12 months: | \$ | 34,997 |
| 2. 12 months or longer: | \$ | -      |
5. Management reviews loan-backed and other structured securities with a decline in fair value from cost for impairment based on criteria that include:
- length of time and severity of decline;
  - financial and specific near term prospects of the issuer;
  - changes in the regulatory, economic or general market environment of the issuer’s industry or geographic region; and
  - the Company’s intent to sell or the inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost.
- E. Dollar Repurchase Agreements and/or Securities Lending Transactions – not applicable.
- F. Repurchase Agreements Transactions Accounted for as Secured Borrowing – not applicable
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing – not applicable
- H. Repurchase Agreements Transactions Accounted for as a Sale – not applicable
- I. Reverse Repurchase Agreements Transactions Accounted for as a Sale – not applicable

- J. Real Estate – not applicable.
- K. Investments in Low Income Housing Tax Credits – not applicable.
- L. Restricted Assets

(1) Restricted Assets (Including Pledged)

The Company has restricted assets on deposit with various regulatory agencies for the projection or benefit of enrolled members at December 31, 2017 and 2016. These amounts are reflected as bonds in the accompanying Balance Sheets. The following table presents the restricted assets as a percentage of total gross assets and total admitted assets.

	1	2	3	4	5	6	7
	Total Gross (Admitted & Nonadmitted)	Total Gross (Admitted & Nonadmitted)		Total Curent Year Nonadmitted	Total Current Year Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted
Restricted Asset Category	Restricted from Current Year	Restricted from Prior Year	Increase (Decrease) (1 minus 2)	Restricted	(1 minus 4)	(a)	Assets (b)
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
b. Collateral held under security lending agreements	-	-	-	-	-	-	-
c. Subject to repurchase agreements	-	-	-	-	-	-	-
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-
e. Subject to dollar repurchase agreements	-	-	-	-	-	-	-
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	-	-
g. Placed under option contracts	-	-	-	-	-	-	-
h. Letter stock or securities restricted as to sale	-	-	-	-	-	-	-
i. FHLB capital stock	-	-	-	-	-	-	-
j. On deposit with states	8,038,700	8,061,425	(22,725)	-	8,038,700	1.5%	1.5%
k. On deposit with other regulatory bodies	-	-	-	-	-	-	-
l. Pledged collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	-	-
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-
n. Other restricted assets	-	-	-	-	-	-	-
o. Total Restricted Assets	\$ 8,038,700	\$ 8,061,425	\$ (22,725)	\$ -	\$ 8,038,700	1.5%	1.5%

- (a) Column 1 divided by Asset Page, Column 1, Line 28
- (b) Column 5 divided by Asset Page, Column 3, Line 28

- (2) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate) – not applicable
- (3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, are Reported in the Aggregate) – not applicable
- (4) Collateral Received and Reflected as Assets Within the Reporting Entity’s Financial Statements – not applicable

- M. Working Capital Finance Investments – none
- N. Offsetting and Netting of Assets and Liabilities – none
- O. Structured Notes – none
- P. 5\* Securities – none
- Q. Short Sales – none

R. Prepayment Penalty and Acceleration Fees

<i>(In whole dollars)</i>	General Account	Separate Account
(1) Number of CUSIPs	6	-
(2) Aggregate amount of investment income	\$ 883,711	\$ -

6. Joint Ventures, Partnerships and Limited Liability Companies
- A. Investments in Joint Ventures, Partnerships and Limited Liability Companies – not applicable.

B. Impaired Investments in Joint Ventures, Partnerships and Limited Liability Companies – not applicable.
7. Investment Income
- A. Any investment income due and accrued with amounts that are over 90 days past due are nonadmitted and excluded from surplus.

B. As of December 31, 2017 and 2016, the Company had no investment income due and accrued with admitted amounts that are over 90 days past due.
8. Derivative Instruments
- A. Market Risk, Credit Risk, and Cash Requirements for Derivatives – not applicable.

B. Objectives for the Use of Derivatives – not applicable.

C. Description of Accounting Policies for Derivatives – not applicable.

D & E . Net Gain or Loss from Derivatives – not applicable.

F. Cash Flow Hedges – not applicable.
- 26.8

9. Income Taxes

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

1. Components of net admitted deferred tax assets.

	December 31, 2017		
	Ordinary	Capital	Total
Gross deferred tax assets	\$ 7,957,863	\$ 102,349	\$ 8,060,212
Statutory valuation allowance	-	-	-
Adjusted gross deferred tax assets	7,957,863	102,349	8,060,212
Deferred tax asset non-admitted	-	101,714	101,714
Net deferred tax assets	7,957,863	635	7,958,498
Deferred tax liability	301,009	-	301,009
Net admitted deferred tax assets	\$ 7,656,854	\$ 635	\$ 7,657,489

  

	December 31, 2016		
	Ordinary	Capital	Total
Gross deferred tax assets	\$ 13,936,479	\$ 509,608	\$ 14,446,087
Statutory valuation allowance	-	-	-
Adjusted gross deferred tax assets	13,936,479	509,608	14,446,087
Deferred tax asset non-admitted	363,210	509,608	872,818
Net deferred tax assets	13,573,269	-	13,573,269
Deferred tax liability	110,823	-	110,823
Net admitted deferred tax assets	\$ 13,462,446	\$ -	\$ 13,462,446

  

	Change		
	Ordinary	Capital	Total
Gross deferred tax assets	\$ (5,978,616)	\$ (407,259)	\$ (6,385,875)
Statutory valuation allowance	-	-	-
Adjusted gross deferred tax assets	(5,978,616)	(407,259)	(6,385,875)
Deferred tax asset non-admitted	(363,210)	(407,894)	(771,104)
Net deferred tax assets	(5,615,406)	635	(5,614,771)
Deferred tax liability	190,186	-	190,186
Net admitted deferred tax assets	\$ (5,805,592)	\$ 635	\$ (5,804,957)

2. Admission Calculation Components per SSAP 101 (§11.a.-§11.c)

December 31, 2017			
	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ —	\$ 635	\$ 635
Admitted gross DTAs expected to be realized			
(b) (excluding the amount of DTAs from 2(a) above) after application of the threshold limitations (The lesser of 2(b)1 and 2(b)2 below)	7,750,194	—	7,750,194
1. Adjusted gross DTAs expected to be realized following the balance sheet date	7,750,194		7,750,194
2. Adjusted gross DTAs allowed per limitation threshold	XXX	XXX	37,651,242
Adjusted Gross DTAs (excluding the amount of			
(c) DTAs from 2(a) and 2(b) above) offset by gross DTLs	207,669	—	207,669
(d) DTAs admitted as a result of application of SSAP No. 101			
Total 2(a) + 2(b) + 2 (c )	\$ 7,957,863	\$ 635	\$ 7,958,498
December 31, 2016			
	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 13,334,592	\$ —	\$ 13,334,592
Admitted gross DTAs expected to be realized			
(b) (excluding the amount of DTAs from 2(a) above) after application of the threshold limitations (The lesser of 2(b)1 and 2(b)2 below)	127,854	—	127,854
1. Adjusted gross DTAs expected to be realized following the balance sheet date	127,854		127,854
2. Adjusted gross DTAs allowed per limitation threshold	XXX	XXX	40,011,106
Adjusted Gross DTAs (excluding the amount of			
(c) DTAs from 2(a) and 2(b) above) offset by gross DTLs	110,823	—	110,823
(d) DTAs admitted as a result of application of SSAP No. 101			
Total 2(a) + 2(b) + 2 (c )	\$ 13,573,269	\$ —	\$ 13,573,269
Change			
	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ (13,334,592)	\$ 635	\$ (13,333,957)
Admitted gross DTAs expected to be realized			
(b) (excluding the amount of DTAs from 2(a) above) after application of the threshold limitations (The lesser of 2(b)1 and 2(b)2 below)	7,622,340	—	7,622,340
1. Adjusted gross DTAs expected to be realized following the balance sheet date	7,622,340	—	7,622,340
2. Adjusted gross DTAs allowed per limitation threshold	XXX	XXX	(2,359,864)
Adjusted Gross DTAs (excluding the amount of			
(c) DTAs from 2(a) and 2(b) above) offset by gross DTLs	96,846	—	96,846
(d) DTAs admitted as a result of application of SSAP No. 101			
Total 2(a) + 2(b) + 2 (c )	\$ (5,615,406)	\$ 635	\$ (5,614,771)

3. Information for Recovery Period and Threshold Limitation (§11.b)

	2017	2016
Ratio percentage used to determine recovery period and threshold limitation amount	354%	338%
Amount of Adjusted Capital and Surplus used to determine recovery period and threshold limitation in paragraph 11.b.	\$ 251,008,283	\$ 266,740,709

4. Impact of Tax-Planning Strategies - None

B. Temporary differences for which a DTL has not been established:

All deferred tax liabilities have been properly recognized.

C. Significant components of income taxes incurred

1. Current income taxes incurred consist of the following major components:

	December 31,		
	2017	2016	Change
(a) Federal	\$ (11,554,163)	\$ (4,869,887)	\$ (6,684,276)
(b) Foreign	—	—	—
(c) Subtotal	(11,554,163)	(4,869,887)	(6,684,276)
(d) Federal income tax on net capital gains	138,032	6,428	131,604
(e) Utilization of capital loss carry-forwards	—	—	—
(f) Other	—	—	—
(g) Federal and foreign income taxes incurred	\$ (11,416,131)	\$ (4,863,459)	\$ (6,552,672)



## 2. Deferred Tax Assets Resulting From Book/Tax Differences

	December 31,		
	2017	2016	Change
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 375,905	\$ 466,320	\$ (90,415)
(2) Unearned premium reserve	108	419	(311)
(3) Policyholder reserves	—	—	—
(4) Investments	—	3,432	(3,432)
(5) Deferred acquisition costs	—	—	—
(6) Policyholder dividends accrual	—	—	—
(7) Fixed assets	—	—	—
(8) Compensation and benefits accrual	—	—	—
(9) Pension accrual	—	—	—
(10) Receivables - nonadmitted	740,090	2,974,794	(2,234,704)
(11) Net operating loss carry forward	—	—	—
(12) Tax credit carry forward	—	—	—
(13) Other	—	—	—
(14) Deferred gain related to intangibles	439,109	882,260	(443,151)
(15) Allowance for doubtful accounts	—	—	—
(16) Premium deficiency reserve	5,471,616	9,609,254	(4,137,638)
(17) Nondeductible liabilities	916,030	—	916,030
(18) Guarantee fund liability	15,005	—	15,005
(99) Subtotal	\$ 7,957,863	\$ 13,936,479	\$ (5,978,616)
(b) Statutory valuation allowance adjustment	—	—	—
(c) Nonadmitted	—	363,210	(363,210)
(d) Admitted ordinary DTAs (2a99 - 2b - 2c)	\$ 7,957,863	\$ 13,573,269	\$ (5,615,406)
(e) Capital			
(1) Investments	102,349	509,608	(407,259)
(2) Net capital loss carry-forward	—	—	—
(3) Real estate	—	—	—
(4) Other	—	—	—
(99) Subtotal	\$ 102,349	\$ 509,608	\$ (407,259)
(f) Statutory valuation allowance adjustment	—	—	—
(g) Nonadmitted	101,714	509,608	(407,894)
(h) Admitted capital DTAs (2a99 - 2f - 2g)	\$ 635	\$ -	\$ 635
(i) Admitted DTAs (2d + 2h)	\$ 7,958,498	\$ 13,573,269	\$ (5,614,771)

3. Deferred Tax Liabilities Resulting From Book/Tax Differences

	December 31,		
	2017	2016	Change
(a) Ordinary			
(1) Investments	\$ 100,585	\$ 110,823	\$ (10,238)
(2) Fixed assets	—	—	—
(3) Deferred and uncollected premium	—	—	—
(4) Policyholder reserves	—	—	—
(5) Other	—	—	—
(6) Deferred intercompany gain	—	—	—
(7) Pharmacy rebates	—	—	—
(8) Other ins & contract holder liability	—	—	—
(9) Section 481 adjustment	—	—	—
(10) Discounting of unpaid losses	152,226	—	152,226
(11) Guarantee fund receivable	48,198	—	48,198
(99) Subtotal	\$ 301,009	\$ 110,823	\$ 190,186
(b) Capital:			
(1) Investments	—	—	—
(2) Real estate	—	—	—
(3) Other	—	—	—
(99) Subtotal	\$ -	\$ -	\$ -
(c) Deferred tax liabilities (3a99 + 3b99)	\$ 301,009	\$ 110,823	\$ 190,186

4. Net Deferred Tax Assets/(Liabilities)

Net deferred tax assets/(liabilities) (2i - 3c)	\$ 7,657,489	\$ 13,462,446	\$ (5,804,957)
---	--------------	---------------	----------------

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	December 31,		Change
	2017	2016	
Total gross deferred tax assets	\$ 8,060,212	\$ 14,446,087	\$ (6,385,875)
Total deferred tax liabilities	301,009	110,823	190,186
Net adjusted deferred tax asset	7,759,203	14,335,264	(6,576,061)
Statutory valuation allowance	—	—	—
Net deferred tax asset after statutory valuation allowance	\$ 7,759,203	\$ 14,335,264	\$ (6,576,061)
Tax effect of unrealized gains and losses			340,085
Change in deferred income tax			\$ (6,235,976)

## D. Reconciliation of total statutory income taxes reported to tax at statutory rate

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes including realized capital gains/losses. The significant items causing this difference are as follows:

	December 31, 2017	Effective Tax Rate
Current income taxes incurred	\$ (11,416,131)	34.50%
Change in deferred income tax (without tax on unrealized gains and losses)	6,235,976	-18.84%
Total income tax reported	<u>\$ (5,180,155)</u>	<u>15.66%</u>
Income before taxes	(33,095,402)	
	35%	
Expected tax expense at 35% statutory rate	\$ (11,583,391)	35.00%
Increase (decrease) in actual tax reported resulting from:		
Meals and entertainment	5,726	-0.02%
Investment income	(30,721)	0.09%
Change in nonadmitted assets	1,741,311	-5.26%
Tax Reform Impact	5,172,802	-15.62%
Other	(485,882)	1.47%
Total income tax reported	<u>\$ (5,180,155)</u>	<u>15.66%</u>

Major tax reform legislation was signed into law on December 22, 2017. The legislation is highlighted by a reduction in the corporate income tax rate from the current 35% to 21% effective January 1, 2018. The remaining provisions of the law, most of which take effect on January 1, 2018, are not expected to have a material impact on the Company's results of operations beginning in 2018. Deferred income tax balances as of December 31, 2017 have been adjusted to reflect the reduced statutory tax rate that took effect as of January 1, 2018 pursuant to the recently enacted U.S. tax reform legislation.

## E. Carryforwards, recoverable taxes, and IRC Sec. 6603 deposits:

- (1) At December 31, 2017, the Company has utilized all of its net operating or capital loss carry forwards.
- (2) Income taxes, ordinary and capital, available for recoupment in the event of future losses include - None
- (3) Deposits under IRS Code Section 6603 – not applicable

## F. Federal or Foreign Income Tax Loss Contingencies

- (1) CIGNA's federal income tax returns are routinely audited by the Internal Revenue Service (IRS). In management's opinion, adequate tax liabilities, including related charges should the IRS prevail, have been established to address potential exposures involving tax position the Company has taken that may be challenged by the IRS. These liabilities could be revised in the near term if estimates of CIGNA's ultimate liability change as a result of new developments or a change in circumstances.
- (2) The IRS has completed its examination of Cigna's consolidated income tax returns through 2012. The statutory of limitations for 2013 has expired, but Cigna has filed an amended return for which the pending refund is subject to review. No material impacts are anticipated for the Company.

G. Consolidated Federal Income Tax Return

The Company's Federal Income Tax return is consolidated with Cigna and the following subsidiaries of Cigna:

Allegiance Benefit Plan Management, Inc.  
 Allegiance Cobra Services, Inc.  
 Allegiance Life & Health Insurance Company, Inc.  
 Allegiance Re, Inc.  
 American Retirement Life Insurance Company  
 Arizona Healthplan, Inc.  
 Benefit Management Corporation  
 Bravo Health Mid-Atlantic, Inc.  
 Bravo Health Pennsylvania, Inc.  
 Brighter, Inc.  
 CareAllies, Inc.  
 Central Reserve Life Insurance Company  
 CG Individual Tax Benefit Payments, Inc.  
 CG Life Pension Benefit Payments, Inc.  
 CG LINA Pension Benefit Payments, Inc.  
 Choicelinx Corporation  
 Cigna Arbor Life Insurance Company  
 Cigna Behavioral Health, Inc.  
 Cigna Behavioral Health of California, Inc.  
 Cigna Behavioral Health of Texas, Inc.  
 Cigna Benefits Financing, Inc.  
 Cigna Dental Health, Inc.  
 Cigna Dental Health of California, Inc.  
 Cigna Dental Health of Colorado, Inc.  
 Cigna Dental Health of Delaware, Inc.  
 Cigna Dental Health of Florida, Inc.  
 Cigna Dental Health of Illinois, Inc.  
 Cigna Dental Health of Kansas, Inc.  
 Cigna Dental Health of Kentucky, Inc.  
 Cigna Dental Health of Maryland, Inc.  
 Cigna Dental Health of Missouri, Inc.  
 Cigna Dental Health of New Jersey, Inc.  
 Cigna Dental Health of North Carolina, Inc.  
 Cigna Dental Health of Ohio, Inc.  
 Cigna Dental Health of Pennsylvania, Inc.  
 Cigna Dental Health of Texas, Inc.  
 Cigna Dental Health of Virginia, Inc.  
 Cigna Dental Healthplan of Arizona, Inc.  
 Cigna Direct Marketing Company, Inc.  
 Cigna Federal Benefits, Inc.  
 Cigna Global Holdings, Inc.  
 Cigna Global Insurance Company Limited  
 Cigna Global Reinsurance Company LTD  
 Cigna Health and Life Insurance Company  
 Cigna Health Corporation  
 Cigna Health Management, Inc.  
 Cigna Healthcare Benefits, Inc.  
 Cigna Healthcare Holdings, Inc.  
 Cigna Healthcare, Inc.  
 Cigna Healthcare Mid-Atlantic, Inc.  
 Cigna Healthcare of Arizona, Inc.  
 Cigna Healthcare of California, Inc.  
 Cigna Healthcare of Colorado, Inc.  
 Cigna Healthcare of Connecticut, Inc.  
 Cigna Healthcare of Florida, Inc.  
 Cigna Healthcare of Georgia, Inc.  
 Cigna Healthcare of Illinois, Inc.  
 Cigna Healthcare of Indiana, Inc.  
 Cigna Healthcare of Maine, Inc.  
 Cigna Healthcare of Massachusetts, Inc.  
 Cigna Healthcare of New Hampshire, Inc.  
 Cigna Healthcare of New Jersey, Inc.  
 Cigna Healthcare of North Carolina, Inc.  
 Cigna Healthcare of Pennsylvania, Inc.  
 Cigna Healthcare of South Carolina, Inc.  
 Cigna Healthcare of St Louis, Inc.  
 Cigna Healthcare of Tennessee, Inc.  
 Cigna Healthcare of Texas, Inc.  
 Cigna Healthcare of Utah, Inc.  
 Cigna Holdings, Inc.  
 Cigna Holdings Overseas, Inc.  
 Cigna Integrated Care, Inc.  
 Cigna Intellectual Property, Inc.  
 Cigna International Corporation  
 Cigna International Finance, Inc.  
 Cigna International Services, Inc.  
 Cigna Investment Group, Inc.

Cigna Investments, Inc.  
 Cigna Life Insurance Company of New York  
 Cigna Linden Holdings, Inc.  
 Cigna Managed Care Benefits Company  
 Cigna Poplar Holdings, Inc.  
 Cigna RE Corporation  
 Cigna Resource Manager, Inc.  
 Cigna Worldwide Insurance Company  
 Connecticut General Benefit Payments, Inc.  
 Connecticut General Corporation  
 Connecticut General Life Insurance Company  
 Former Cigna Investments, Inc.  
 GreatWest Healthcare of Illinois, Inc.  
 Hazard Center Investment Co., LLC  
 Healthsource Benefits, Inc.  
 Healthsource, Inc.  
 Healthsource Properties, Inc.  
 HealthSpring Life & Health Insurance Company, Inc.  
 HealthSpring Management, Inc.  
 HealthSpring of Alabama, Inc.  
 HealthSpring of Florida, Inc.  
 HealthSpring of Tennessee, Inc.  
 HealthSpring, Inc.  
 IHN, Inc.  
 Intermountain Underwriters, Inc.  
 Kronos Optimal Health Company  
 Life Ins Co of North America  
 LINA Benefit Payments, Inc.  
 Loyal American Life Insurance Company  
 Managed Care Consultants, Inc.  
 MCC Independent Practice Assoc of New York, Inc.  
 Mediversal Inc.  
 Provident American Life Insurance Company  
 QualCare Alliance Networks, Inc.  
 QualCare, Inc.  
 QualCare Captive Insurance Company, Inc.  
 Sagamore Health Network Inc.  
 Scibal Associates, Inc.  
 Tel-Drug, Inc.  
 United Benefit Life Insurance Company  
 Universal Claims Administration

10. Information Concerning Parent, Subsidiaries and Affiliates

A. B. and C.

The Company did not pay any dividends in 2017 or 2016. No capital contributions were received in 2017 or 2016.

The Company has entered into a line of credit agreement with Cigna under which the Company may lend up to \$30,000,000. The Company did not loan any funds to Cigna during 2017 and 2016.

The Company has entered into a line of credit agreement with Cigna Holdings, Inc. under which the Company may borrow up to \$30,000,000. The Company has entered into a line of credit agreement with Cigna Holdings, Inc. under which the Company may borrow up to \$30,000,000. The interest rate on loan amounts was an average yearly rate of 1.2183% and interest expense was \$12,926 in 2017. The Company had no borrowings in 2016.

D. At December 31, 2017 and 2016, respectively, the Company reported \$76,595,680 and \$82,255,500 as the net amounts due to the parent, subsidiaries and affiliates. These amounts are settled periodically, usually monthly.

E. Guarantees Resulting in a Material Contingent Exposure – not applicable.

F. Management Services Agreement

Fee Sharing Agreement (the Agreement) - Several of Cigna’s subsidiaries are subject to the Health Insurance Providers Fee, “the Fee”, which is imposed on each covered entity engaged in the business of providing health insurance for any United States health risk. Such entities, along with Cigna, are collectively treated as a single “covered entity” as that term is defined in Section 9010(c) and Treas. Reg. § 57.2(b). By entering into this Agreement, each Party has consented to select Cigna as its “designated entity” for the payment of this Fee. The Agreement allows Cigna to pay each year to the Treasury the Fee owed collectively by all covered entities in the group, and to perform all necessary and appropriate actions that may

be required to fulfill Cigna's responsibilities as the designated entity. This Agreement further allows Cigna to delegate to a wholly owned subsidiary the authority to perform these actions on Cigna's behalf. For financial management and reporting purposes, Cigna and the Parties will allocate the Fee for each Fee Year among the Parties in proportion to estimates of each Party's Premiums for that Fee Year. This Agreement was submitted for Department approval/non-disapproval, and the Company's participation in the Agreement became effective on August 11, 2014.

The Company has contracted for managerial, administrative, and financial support services through an administrative service contract based on a percentage of premium revenue with HealthSpring Management of America, LLC (HSMA). The Company paid approximately \$235,467,501 and \$302,322,480 in 2017 and 2016, respectively, in exchange for these services. Under the same agreement, the Company contracted with HSMA to provide disease management services related to the implementation and operation of the Internal Disease Management Program. The Company paid approximately \$50,619,339 and \$37,981,443 in 2017 and 2016, respectively.

The Company has contracted with Cigna Investment, Inc. (CII) for investment advisory services. The Company and CII are indirect subsidiaries of Cigna Holdings, Inc., which is a direct wholly-owned subsidiary of Cigna. The Company paid \$656,624 and \$503,251 in 2017 and 2016, respectively, for these services.

Cigna's indirectly wholly-owned domestic subsidiary insurance companies have entered into a Consolidated Federal Income Tax Agreement (Tax Agreement), which became effective as of April 1, 1982. The Agreement sets forth the method of allocation of federal income taxes for Cigna and its wholly-owned domestic subsidiaries, including insurance subsidiaries. The Agreement provides for immediate reimbursement to companies with net operating losses to the extent that their losses are used to reduce consolidated taxable income; while those companies with current taxable income as calculated under federal separate return provisions, are liable for payment determined as if they had each filed a separate return. However, current credit is given for any foreign tax credit, operating loss or investment tax credit carryovers actually used in the current consolidated return. The Company participates as a party to the agreement and had \$26,994,807 and \$19,143,642 recoverable under the agreement as of December 31, 2017 and 2016, respectively.

The Company is a party to an Expense Sharing Agreement between Cigna and various affiliates and subsidiaries. With the exception of a limited number of expenses held at the corporate level such as expenses relating to investments, the servicing of debt, and stock compensation as calculated under SFAS No. 123R, all operating expenses of Cigna were allocated. These allocations were based on work effort studies and other appropriate methods, while other expenses such as outside legal fees were directly charged to the related company. Cigna did not allocate any corporate overhead expenses to the Company in 2017 or 2016.

The Company, CII and certain of its affiliates are parties to an investment pool agreement which provides for participation in a pool of short-term investments to facilitate effective cash management. There are no fees separately assessed related to this agreement.

The Company is party to the Network Access Agreement, as amended, entered into among health plan subsidiaries of Cigna Corporation and Connecticut General Life Insurance Company (CGLIC). The purpose of the agreement is to allow parties to access provider networks of CGLIC and other health plan affiliates that are also a party to the agreement. The Company's participation in the agreement was approved by the Department. As the Company is not currently utilizing the Network Access Agreement, there are no fees assessed related to this agreement.

The Company is party to the Intercompany Services Agreement by and among Connecticut General Life Insurance Company, Cigna Health Corporation on behalf of its health plan subsidiaries, and Cigna Health Management, Inc. for the provision of administrative services from Cigna Health Management, Inc. including the Health Information Line service for which the Company pays a capitated fee of \$.06 per member per month for claims related to such service. This agreement was approved by and remains on file with the Department.

The Company entered into the Pharmacy Rebate Affiliate Agreement amongst affiliates for the allocation or rebate payments received pursuant to agreements with drug manufacturers in connection with its Medicare Part D business.

G. Ownership

All outstanding shares of the Company are owned by NewQuest, LLC, a limited liability company domiciled in the state of Texas, which is a wholly owned subsidiary of HealthSpring, Inc., a Delaware corporation, which is an indirect wholly-owned subsidiary of Cigna. The Cigna organizational structure is documented in Schedule Y.

H. Upstream Intermediate Entity – not applicable.

I. Investment in SCA Entity that Exceeds 10% of Admitted Assets – not applicable.

J. Investments in Impaired SCA's – not applicable.

K. Investments in Foreign Insurance Subsidiaries – not applicable.

L. Investment in a Downstream Non-Insurance Holding Company – not applicable.

M. Investment in SCA – not applicable.

N. Investment in Insurance – not applicable.

11. Debt

A. Debt and Capital Notes

The Company had no capital notes outstanding at December 31, 2017 and 2016.

The Company had no external borrowed money outstanding at December 31, 2017 and 2016.

The Company has entered into a line of credit agreement with Cigna Holdings, Inc. under which the Company may borrow up to \$30,000,000. The interest rate on loan amounts was an average yearly rate of 1.2183% and interest expense was \$12,926 in 2017. The Company had no borrowings in 2016.

B. FHLB Agreements – not applicable.

12. Retirement Plans, Deferred Compensation, Post-Employment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. Defined Benefit Plan – not applicable.

B. Investment Policies and Strategies for Plan Assets – not applicable.

C. Fair Value Measurement of Plan Assets – not applicable.

D. Rate of Return on Plan Assets – not applicable.

E. Defined Contribution Plan – not applicable.

F. Multi-Employer Plan – not applicable.

G. Consolidated/Holding Company Plans – not applicable.

H. Postemployment Benefits and Compensated Absences – not applicable.

I. Impact of Medicare Modernization Act on Postretirement Benefits – not applicable.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

1. The Company has 5,000,000 shares authorized, 2,500,000 shares issued and outstanding of \$1 par value Common Stock, owned entirely by NewQuest, LLC.

2. The Company has no preferred stock outstanding.

3. The payment of dividends by the Company to the shareholder is limited and can only be made from earned profits unless prior approval is received from the Department. The maximum amount of dividends that may be paid by insurance companies without prior



approval is also subject to restrictions relating to statutory surplus and net income. The maximum ordinary dividend distribution allowed by the Company is \$25,866,577 in 2018. The Company’s dividends are noncumulative.

- 4. The Company did not pay any dividends in 2017 and 2016.
- 5. Within the limits of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- 6. Restrictions on Unassigned Surplus – none.
- 7. For Mutual Companies, Advances to Surplus Not Repaid – not applicable.
- 8. Stock Held by the Company, Including Stock of Affiliated Companies – not applicable.
- 9. Special Surplus Funds – In December 2015, the federal appropriations legislation imposed a one-year moratorium on ACA Section 9010 insurer fee for 2017, with reinstatement expected in 2018. The Company had a change in the balance of the special surplus funds of \$30,584,682 from the prior year due to the ACA insurer fee segregated surplus requirement.
- 10. Cumulative Unrealized Gains and Losses in Surplus –  
  
Unassigned surplus was reduced/increased by cumulative net unrealized investment gains of \$631,586 and losses of \$643,439 at December 31, 2017 and 2016, respectively.
- 11. Surplus Note – none.
- 12. Quasi-Reorganization – not applicable.
- 13. Date of a Quasi –Reorganization – not applicable.
- 14. Liabilities, Contingencies and Assessments
  - A. Contingent Commitments – none.
  - B. Assessments

**Penn Treaty.** The Company operates in a regulatory environment that may require its participation in assessments under state insurance guaranty association laws. The Company’s exposure to assessments for certain obligations of insolvent insurance companies to policyholders and claimants is based on its share of business written in the relevant jurisdictions.

On March 1, 2017, the Commonwealth Court of Pennsylvania entered an order of liquidation of Penn Treaty Network America Insurance Company, together with its subsidiary American Network Insurance Company (collectively “Penn Treaty”, a long-term care insurance carrier), triggering guaranty fund coverage and accrual of a liability. For the year ended December 31, 2017, the Company recorded in taxes, licenses and fees \$301,705, representing its estimate of future assessments net of related premium tax credits. The estimate includes a reduction for premium tax refunds for in-force short-term health contract renewals as a result of the assessments imposed on short-term health contracts for the insolvencies of insurers that wrote long-term care contracts. This assessment is expected to be updated in future periods for changes in the estimate of the insolvency.

Undiscounted and discounted amount of the guaranty fund liabilities and assets as of December 31, 2017:

<i>(In whole dollars)</i>	Liability	Asset
Undiscounted	\$ 71,450	\$ 237,840
Discounted	\$ 71,450	\$ 229,516

Jurisdictional assessments expected to be paid within one year are accrued at the amount billed or expected to be billed. Other assessments were discounted.

The discount rate applied was 3.5%.



	Payables			Recoverables		
Name of the Insolvency	Number of Jurisdictions	Range of Years	Weighted Average Number of Years	Number of Jurisdictions	Range of Years	Weighted Average Number of Years
Penn Treaty	2	49-59	15	1	5	5

- C. Gain Contingencies – none.
- D. Claims-Related Extra Contractual Obligations – none.
- E. Joint and Several Liabilities – none.
- F. All Other Liabilities:

Litigation and Other Legal Matters:

Cigna and its subsidiaries (including the Company, and collectively known as Cigna) are routinely involved in numerous claims, lawsuits, regulatory audits, investigations and other legal matters arising, for the most part, in the ordinary course of managing a global health services business. Except for the specific matters noted below, Cigna believes that the legal actions, regulatory matters, proceedings and investigations currently pending against it should not have a material adverse effect on Cigna’s results of operations, financial condition or liquidity based upon our current knowledge and taking into consideration current accruals. Disputed tax matters arising from audits by the Internal Revenue Service (“IRS”) or other state and foreign jurisdictions, including those resulting in litigation, are accounted for under the NAIC’s accounting guidance for tax loss contingencies.

Pending litigation and legal or regulatory matters that Cigna has identified with a reasonably possible material loss are described below. When litigation and regulatory matters present loss contingencies that are both probable and estimable, Cigna accrues the estimated loss by a charge to shareholders’ net income. The estimated loss is Cigna’s best estimate of the probable loss at the time or an amount within a range of estimated losses reflecting the most likely outcome or the minimum amount of the range (if no amount is better than any other estimated amount in the range.) Cigna provides disclosure in the aggregate for material pending litigation and legal or regulatory matters, including accruals, range of loss, or a statement that such information cannot be estimated. Due to numerous uncertain factors presented in these cases, it is not possible to estimate an aggregate range of loss (if any) for these matters at this time. In light of the uncertainties involved in these matters, there is no assurance that their ultimate resolution will not exceed the amounts currently accrued. An adverse outcome in one or more of these matters could be material to Cigna’s results of operations, financial condition or liquidity for any particular period.

**Civil Investigative Demand.** The U.S. Department of Justice (“DOJ”) is currently conducting an industry review of the risk adjustment data submission practices and business processes of Medicare Advantage organizations under Medicare Parts C and D, including review of medical charts. In connection with this industry review, in December 2016, Cigna received a Civil Investigative Demand from the Civil Division of the DOJ. We are in the process of voluntarily cooperating with the DOJ’s request and responding to the information request.

**Litigation with Anthem.** In February 2017, Cigna delivered a notice to Anthem terminating the merger agreement, and notifying Anthem that it must pay Cigna the \$1.85 billion reverse termination fee pursuant to the terms of the merger agreement. Also in February 2017, Cigna filed suit against Anthem in the Delaware Court of Chancery (the “Chancery Court”) seeking declaratory judgments that the Company’s termination of the merger agreement was valid and that Anthem was not permitted to extend the termination date. The complaint also sought payment of the reverse termination fee and additional damages in an amount exceeding \$13 billion, including the lost premium value to Cigna’s shareholders caused by Anthem’s willful breaches of the merger agreement.

Also in February 2017, Anthem filed a lawsuit in the Chancery Court against Cigna seeking (i) a temporary restraining order to enjoin Cigna from terminating and taking any action contrary to the terms of the merger agreement, (ii) specific performance compelling Cigna to comply with the merger agreement and (iii) damages.

On February 15, 2017, the Chancery Court granted Anthem’s motion for a temporary restraining order and temporarily enjoined Cigna from terminating the merger agreement. In May 2017, the Chancery Court denied Anthem’s motion for a preliminary injunction to enjoin

Cigna from terminating the merger agreement but stayed its ruling pending Anthem's determination as to whether to seek an appeal. Anthem subsequently notified Cigna and the Chancery Court that it did not intend to appeal the Chancery Court's decision. As a result, the merger agreement was terminated.

The litigation between the parties remains pending. Trial is scheduled for 2019. Cigna believes in the merits of their claims and dispute Anthem's claims, and intends to vigorously defend themselves and pursue their claims. The outcomes of lawsuits are inherently unpredictable, and Cigna may be unsuccessful in the ongoing litigation or any future claims or litigation.

**Risk Adjustment Data Validation Audits.** In connection with Centers for Medicare & Medicaid Services' (CMS) continuing statutory obligation to review risk score coding practices by Medicare Advantage plans, CMS is conducting audits of Medicare Advantage plans for compliance by the plans and their providers with proper coding practices (sometimes referred to as Risk Adjustment Data Validation Audits or RADV Audits). There can be no assurance that the Company will not be randomly selected or targeted for audit by CMS or that the outcome of such audit will not result in a material impact to the Company's results of operations and cash flows.

In February 2012, CMS released a notice of final payment error calculation methodology for Medicare Advantage RADV audits. Among other matters, the notice provided that (i) CMS would perform its next round of Medicare Advantage contract-level audits on payment year 2011; (ii) payment year 2011 is the first year that CMS will conduct payment recovery based on extrapolated estimates; (iii) CMS expects to audit about 30 Medicare Advantage contracts each year; and (iv) payment recovery amounts will be subject to a fee-for-service adjuster that accounts for the fact that the documentation standard used in RADV audits to determine a contract's payment error is different from the documentation standard used to develop the Part C risk-adjustment model.

The Company is currently assessing the payment error calculation methodology and awaiting further guidance from CMS regarding, among other matters, the application of a Fee For Service Adjuster to the audit recovery amounts. Because of the ongoing uncertainty, the Company remains unable to reasonably estimate the probability of CMS's assertion of a claim for recoupment of overpaid premiums or the amount of loss, or range of potential losses, associated with RADV Audits. Accordingly, the Company has not made an accrual related thereto.

The Company's Texas Medicare Advantage plan (H4513) was selected by CMS for a RADV Audit of the 2010 risk adjustment data used to determine 2011 premium rates. The Company's Texas plan received from CMS the RADV Audit member sample, and the audit occurred in 2014. At this time, no results have been reported by CMS.

The Company's Texas Medicare Advantage plan (H4513) was selected by CMS for a RADV Audit of the 2011 risk adjustment data used to determine 2012 premium rates. The Company's Texas plan received from CMS the RADV Audit member sample, and the audit occurred in 2016. At this time, no results have been reported by CMS.

The Company's Texas Medicare Advantage plan (H4513) was selected by CMS for a RADV Audit of the 2012 risk adjustment data used to determine 2013 premium rates. In September 2016, the Company's Texas plan received from CMS the RADV Audit member sample, and the audit began. The audit completed on February 6, 2017, but no results have been released by CMS.

**Health Care Regulation.** As a managed care organization, the Company's operations are and will continue to be subject to pervasive federal, state, and local government regulation, which will have a material impact on our operations. The laws and regulations affecting our industry give state and federal regulatory authorities broad discretion in their exercise of supervisory, regulatory, and administrative powers. These laws and regulations are intended primarily for the benefit of members of and providers to the Company. Health care regulation in its various forms could have an adverse effect on Company's health care operations if it inhibits the Company's ability to respond to market demands or results in increased medical or administrative costs without improving the quality of care or services.

**CMS actions.** On June 16, 2017, Cigna received notification from CMS that the marketing and enrollment sanctions imposed by CMS on January 21, 2016 had been lifted. Cigna has resumed marketing of its Medicare Advantage-Prescription Drug and Medicare Part D Plans and began enrolling beneficiaries with effective dates beginning July 1, 2017.

For the year ended December 31, 2017, Medicare enrollment and consolidated revenues were materially impacted due to our inability to participate in 2017 annual enrollment. However, 2017 shareholders' net income was not materially affected because the margin impact of the revenue loss was offset by lower operating expenses due to reduced remediation costs and other operational efficiencies that improved 2017 results. The impact of disenrollment was not material to 2016 consolidated revenues or earnings.

Medicare Advantage plans must have a Star Rating of four Stars or higher to qualify for bonus payments. We expect that approximately 60% of our Medicare Advantage customers will be in a four Star or greater plan for bonus payments to be received in 2018. In October 2017, CMS announced Star Ratings for plans for the 2019 payment year. We expect that approximately 40% of our Medicare Advantage customers will be in a four Star or greater plan for bonus payments to be received in 2019. Management continues to evaluate various actions to improve the Company's Star Ratings.

G. Uncollectible Amounts - none

15. Leases

A. Lessee Operating Leases – none

B. Lessor Leases – none

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

1. Financial Instruments with Off-Balance Sheet Risk – not applicable.

2. Nature and Terms of Financial Instruments with Off-Balance Sheet Risk – not applicable.

3. Amount of Loss – not applicable.

4. Policy for Requiring Collateral – not applicable.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfer of Receivables Reported as Sales – not applicable.

B. Transfer and Servicing of Financial Assets – not applicable.

C. Wash Sales – none.

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. ASO Plans – not applicable.

B. ASC Plans – not applicable.

C. Medicare or Similarly Structured Cost Based Reimbursement Contracts – not applicable.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not applicable.

20. Fair Value Measurements

**A. Fair Value Measurements**

Fair value is defined as the price at which an asset could be exchanged in an orderly transaction between market participants at the balance sheet date. The Company's financial assets have been classified based upon a hierarchy defined by SAP. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a financial asset or liability carried at fair value would be classified in Level 3 if unobservable inputs were significant

to the instrument’s fair value, even though the measurement may be derived using inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

- Level 1

Inputs for instruments classified in Level 1 include unadjusted quoted prices for identical assets in active markets accessible at the measurement date. Active markets provide pricing data for trades occurring at least weekly and include exchanges and dealer markets.
- Level 2

Inputs for instruments classified in Level 2 include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are market observable or can be corroborated by market data for the term of the instrument. Such other inputs include market interest rates and volatilities, spreads and yield curves. An instrument is classified in Level 2 if the Company determines that unobservable inputs are insignificant. Level 2 assets primarily include corporate bonds valued using recent trades of similar securities or pricing models that discount future cash flows at estimated market interest rates.
- Level 3

Certain inputs for instruments classified in Level 3 are unobservable (supported by little or no market activity) and significant to their resulting fair value measurement. Unobservable inputs reflect the Company’s best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

1. Fair Value Measurements at Reporting Date

The Company carries certain financial instruments at fair value in the financial statements including bonds valued at the lower of cost or fair value when reported at fair value at the balance sheet date.

The following tables provide information about the Company’s financial instruments carried at fair value as of December 31, 2017 and 2016.

Financial Assets at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>December 31, 2017</b>				
Bonds	\$ -	\$ 7,226,655	\$ 4,346,597	\$ 11,573,252
<b>December 31, 2016</b>				
Bonds	\$ -	\$ 8,709,441	\$ 4,770,065	\$ 13,479,506

There were no significant transfers between Levels 1 and 2 as of December 31, 2017. Transfers between levels are assumed to occur at the beginning of the quarter in which they occur.

2. Fair Value Measurements in Level 3 of the Fair Value Hierarchy

The following tables summarize the changes in financial instruments classified in Level 3 for the year ended December 31, 2017 and 2016. Gains and losses reported in these tables may include net changes in fair value that are attributable to both observable and unobservable inputs.

For the Year Ended December 31, 2017										
Level 3	Beg Balance	Transfers	Transfers out	Total losses	Total losses	Purchases	Issuances	Sales	Settlements	Ending Balance
Financial Assets				included in Net Income (1)	included in Surplus					
	1/1/17	into Level 3	of Level 3	(1)	Surplus					12/31/17
Bonds	\$ 4,770,065	\$ 5,400,247	\$ (5,204,913)	\$ (6,283)	\$ 550,288	\$ -	\$ -	\$ (1,014,618)	\$ (148,189)	\$ 4,346,597

(1) Bond losses included in net income attributable to instruments held at reporting time were \$6,283.

For the Year Ended December 31, 2016										
Level 3	Beg Balance	Transfers	Transfers out	Total losses	Total losses	Purchases	Issuances	Sales	Settlements	Ending Balance
Financial Assets				included in Net Income (1)	included in Surplus					
	1/1/16	into Level 3	of Level 3	(1)	Surplus					12/31/16
Bonds	\$ -	\$ 7,415,557	\$ (1,233,345)	\$ (128,878)	\$ (788,031)	\$ -	\$ -	\$ -	\$ (495,238)	\$ 4,770,065

(1) Bond losses included in net income attributable to instruments held at reporting time were \$128,878.

3. Level 3 Transfers

Transfers into and out of Level 3 are reported as of the beginning of the quarter in which they occur. Transfers into or out of Level 3 occur when there is a change in the measurement basis in the period for lower-rated bonds valued at the lower of cost or fair value. Transfers into or out of Level 3 may also occur when observable inputs, such as the Company’s best estimate of what a market participant would use to determine a current transaction price, become more or less significant to the fair value measurement.

4. Valuation Techniques and Inputs

The Company estimates fair values using prices from third parties or internal pricing methods. Fair value estimates received from third-party pricing services are based on reported trade activity and quoted market prices when available, and other market information that a market participant may use to estimate fair value. Such other inputs include market interest rates and volatilities, spreads, and yield curves. The internal pricing methods are performed by the Company’s investment professionals and generally involve using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality, as well as other qualitative factors. In instances where there is little or no market activity for the same or similar instruments, the fair value is estimated using methods, models, and assumptions that the Company believes a hypothetical market participant would use to determine a current transaction price.

B. Other Fair Value Disclosures

The Company provides additional fair value information in Notes 1 and 5.

C. Aggregate Fair Value of All Financial Instruments

The following tables provide the fair value, carrying value, and classification in the fair value hierarchy of the Company’s financial instruments as of December 31, 2017 and 2016.

Financial Assets	Aggregate Fair Value	Admitted Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not Practicable (Carrying Value)
December 31, 2017						
Bonds	\$ 371,920,969	\$ 366,131,766	\$ 7,354,238	\$ 355,313,957	\$ 9,252,774	\$ -
Cash, Cash Equivalents, and Short-Term Investments	108,414,351	108,414,351	12,147,746	96,266,605	-	-
Total	\$ 480,335,320	\$ 474,546,117	\$ 19,501,984	\$ 451,580,562	\$ 9,252,774	\$ -
December 31, 2016						
Bonds	\$ 301,560,130	\$ 297,880,539	\$ 7,402,514	\$ 283,604,862	\$ 10,552,754	\$ -
Cash, Cash Equivalents, and Short-Term Investments	80,110,030	80,110,030	8,089,082	72,020,948	-	-
Total	\$ 381,670,160	\$ 377,990,569	\$ 15,491,596	\$ 355,625,810	\$ 10,552,754	\$ -

The following valuation methodologies and significant assumptions are used by the Company to determine fair value for each instrument.

Bonds

The methods and significant assumptions used to estimate the fair value of bonds are described in A4 above.

Short-Term Investments, Cash Equivalents, and Cash

Short-term investments, cash equivalents, and cash are carried at cost which approximates fair value. Short-term investments and cash equivalents are classified in Level 2, and cash is classified in Level 1.

D. Disclosures about Financial Instruments Not Practicable to Estimate Fair Value – None

21. Other Items

- A. Unusual or Infrequent Items – none.
- B. Troubled Debt Restructuring: Debtors – none.
- C. Other Disclosures - none
- D. Business Interruption Insurance Recoveries – none.
- E. State Transferable and Non-transferable Tax Credits – none.
- F. Subprime-Mortgage-Related Risk Exposure
  - 1. The Company did not hold mortgage loans in 2017 and 2016 and, therefore, is not subject to the related risk exposure pertaining to subprime mortgages.
  - 2. Direct Exposure through Investments in Subprime Loans – not applicable.
  - 3. Direct Exposure through Other Investments – not applicable.
  - 4. Underwriting Exposure to Subprime Mortgage Risk – not applicable.
- G. Retained Assets – none.
- H. Insurance-Linked Securities (ILS) Contracts – none.



22. Events Subsequent

Type I – Recognized Subsequent Events:

The Company is not aware of any Type I events that occurred subsequent to the close of the books or accounts for this statement which would have a material effect on the financial condition of the Company. In preparing these financial statements, the Company evaluated events that occurred between the balance sheet date and February 28, 2018 for the statutory statement filed on February 28, 2018.

Type II – Nonrecognized Subsequent Events:

Subsequent events have been considered through February 28, 2018 for the statutory statement issued on February 28, 2018.

Effective January 31, 2018, the Company and HealthSpring of Alabama, Inc., an Alabama domiciled insurance company, were merged with the Company becoming the surviving entity. The transactions will be accounted for as a statutory merger between entities under common control. Assets and liabilities transferred between entities under common control are accounted for at historical cost.

Effective February 28, 2018, the Company and HealthSpring of Tennessee, Inc., a Tennessee domiciled insurance company, were merged with the Company becoming the surviving entity. The transactions will be accounted for as a statutory merger between entities under common control. Assets and liabilities transferred between entities under common control are accounted for at historical cost.

On January 1, 2018, the Company will be subject to an annual fee under section 9010 of the ACA. Cigna covered entities’ share of the annual fee is based on the ratio of the amount of their aggregate net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding year. A health insurance entity’s portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2017, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2018 and estimates its portion of the annual health insurance industry fee to be \$30,584,682 payable on September 30, 2018. This amount is reflected in special surplus in accordance with SSAP No. 35R, *Guaranty Fund and Other Assessments*. This assessment is expected to impact risk based capital (RBC) by 43.2%. Reporting the ACA assessment as of December 31, 2017 would not have triggered an RBC action level.

	2017	2016
A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the federal Affordable Care Act (Yes/No)?	Yes	Yes
B. ACA fee assessment payable for the upcoming year	\$ 30,584,682	\$ -
C. ACA fee assessment paid	\$ -	\$ 31,011,380
D. Premium written subject to ACA 9010 assessment	\$ 1,500,702,683	\$ 2,360,407,904
E. Total Adjusted Capital before surplus adjustment	\$ 258,665,772	\$ 280,203,155
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	\$ 228,081,090	n/a
G. Authorized Control Level (Five-Year Historical Line 15)	\$ 70,831,200	\$ 78,871,713
H. Would reporting the ACA assessment as of December 31, 2017, have triggered an RBC action level (Yes/No)?	No	n/a

23. Reinsurance

A. Ceded Reinsurance Report

Section 1- General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee or director of the Company?  
Yes ( ) No (X)

- (2) Have any policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business?

Yes ( ) No (X)

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes ( ) No (X)

- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ( ) No (X)

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate. None.

- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Company as of the effective date of the agreement?

Yes ( ) No (X)

B. Uncollectible Reinsurance – none.

C. Commutation of Ceded Reinsurance – none.

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation – none

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Method Used to Estimate Accrued Retrospective Premium Adjustments – not applicable.

B. Where Accrued Retrospective Premium Adjustments are Recorded – not applicable.

C. Amount of Net Written Premiums Subject to Retrospective Rating Features – not applicable.

D. Medical loss ratio rebates required pursuant to the Public Health Service Act

On January 1, 2014, the Company became subject to the minimum loss ratio rebate provisions of the Affordable Care Act (ACA). ACA require payment of premium rebates to customers covered under the Company's comprehensive medical insurance if certain annual minimum medical loss ratios are not met. At the close of each quarter, the Company records its rebate accrual based on year-to-date estimated medical loss ratios calculated as prescribed by the interim final rule issued by the Department of Health & Human Services using year-to-date premium and claim information by state and market segment. Since this accrual reflects the amount of rebate that would be payable based on year-to-date estimated medical loss ratios, the amount of rebate will fluctuate as actual claim experience develops each calendar quarter.

The Company accrued an estimated rebate of \$134,322 and \$724,020 as of December 31, 2017 and 2016, respectively.



	Small Group Large Group			Other	
	Individual	Employer	Employer	Categories with Rebates	Total
Prior Reporting Year					
(1) Medical loss ratio rebates incurred	\$ —	—	—	\$ (52,707)	\$ (52,707)
(2) Medical loss ratio rebates paid	—	—	—	—	—
(3) Medical loss ratio rebates unpaid	—	—	—	724,020	724,020
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	—
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	—
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$ 724,020
Current Reporting Year-to-date					
(7) Medical loss ratio rebates incurred	\$ —	—	—	\$ —	\$ —
(8) Medical loss ratio rebates paid	—	—	—	589,698	589,698
(9) Medical loss ratio rebates unpaid	—	—	—	134,322	134,322
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	—
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	—
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$ 134,322

E. Risk Sharing Provisions of the Affordable Care Act – the Company does not write business subject to the Risk Sharing Provisions of the Affordable Care Act.

25. Change in Incurred Claims and Claim Adjustment Expenses

The following table shows the liability for claims unpaid as of December 31, 2016 and amounts paid during the current year on these liabilities. Reserves remaining for prior years result from a re-estimation of unpaid claims and claim adjustment expenses and reflect a favorable/(unfavorable) development since December 31, 2016. This release is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

	Accrued Medical			
	Unpaid Claims	Incentive Pool & Bonus	Healthcare Receivable	Total
12/31/2016 Balance	\$ 165,091,557	\$ 5,248,320	\$ 31,972,094	\$ 138,367,783
Paid/(Received)	130,416,889	3,437,692	29,942,568	103,912,013
Favorable/(Unfavorable) Development	24,324,388	648,472	(70,267)	25,043,127
12/31/2017 Balance for 2016 & Prior	\$ 10,350,280	\$ 1,162,156	\$ 2,099,793	\$ 9,412,643

Changes in unpaid claims adjustment expenses of \$(770,545)and \$404,973 for 2017 and 2016, respectively, are included in claim adjustment expenses.

26. Intercompany Pooling Arrangements

A.-G. – none

27. Structured Settlements

Not applicable.

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

The pharmacy rebates receivables are net of non-admitted receivables. The Company had non-admitted pharmacy rebates of \$191,118 and \$0 as of December 31, 2017 and 2016. The estimated pharmacy rebates are as follows:

Quarter ended	Through December 31, 2017				
	Estimated pharmacy rebates as reported in statutory basis financial statements	Pharmacy rebates as billed	Actual rebates received within 90 days of billing	Actual rebates received within 91 to 180 days of billing	Actual rebates received more than 180 days of billing
December 31, 2017	\$ 16,945,558	\$ 23,217,004	\$ 6,278,043	\$ 0	\$ 0
September 30, 2017	17,398,909	22,045,374	22,038,777	0	0
June 30, 2017	28,436,220	21,422,827	21,161,373	261,454	0
March 31, 2017	22,096,619	21,992,309	21,781,853	5,169	14,169
December 31, 2016	\$ 16,737,311	\$ 16,189,791	\$ 16,199,898	\$ (21,288)	\$ 11,181
September 30, 2016	17,999,701	17,664,398	17,668,363	(5,649)	1,684
June 30, 2016	19,047,127	17,746,932	17,748,135	2,339	(3,542)
March 31, 2016	18,977,014	18,758,831	17,849,864	909,464	(497)
December 31, 2015	\$ 17,784,390	\$ 16,853,281	\$ 16,848,904	\$ 4,437	\$ (60)
September 30, 2015	17,662,611	17,074,786	16,577,285	438,743	58,758
June 30, 2015	22,347,246	15,829,575	15,122,868	642,013	64,694
March 31, 2015	39,546,478	13,826,444	7,237,257	6,542,533	46,654

B. Risk Sharing Receivables

Calendar Year	Evaluation Period	Risk Sharing Receivable as Estimated in the Prior Year	Risk Sharing Receivable as Estimated in the Current Year	Risk Sharing Receivable Billed	Risk Sharing Receivable Not Yet Billed	Actual Risk Sharing Amounts Collected in Year Invoiced	Actual Risk Sharing Receivable First Year Subsequent	Actual Risk Sharing Amounts Received Second Year Subsequent	Actual Risk Sharing Amounts Received - All Other
2017	2017	\$ —	\$ 2,247,327	\$ —	\$ 2,247,327	\$ —	\$ —	\$ —	\$ —
	2018	xxx	—	xxx	—	xxx	—	xxx	—
2016	2016	\$ 1,699,168	\$ —	\$ 3,661,676	\$ —	\$ 3,661,676	\$ —	\$ —	\$ —
	2017	xxx	—	xxx	—	xxx	—	xxx	—
2015	2015	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
	2016	xxx	—	xxx	—	xxx	—	xxx	—

C. Other Healthcare Receivables

Other Healthcare receivables included:

Claims overpayment receivables	\$ 846,035
Capitation arrangement receivables	45,078
Other healthcare receivables	3,152,390
	<u>\$ 4,043,503</u>

29. Participating Policies

None.

30. Premium Deficiency Reserves

Premium deficiencies occur when it is probable that expected claims expense (hospital/medical expenses and administrative expenses) will exceed future premiums on existing insurance contracts. For purposes of estimating premium deficiency losses, contracts are grouped in a manner consistent with the Company’s method of acquiring, servicing, and measuring the profitability of such contracts. The Company had liabilities of \$26,055,312 and \$27,455,010 at December 31, 2017 and 2016, respectively, related to premium deficiency reserves on its Medicaid business. The Company did not consider anticipated investment income when calculating its premium deficiency reserves.

1. Liability carried for premium deficiency reserves	\$ 26,055,312
2. Date of the most recent evaluation of this liability	December 31, 2017
3. Was anticipated investment income utilized in the calculation?	No

31. Anticipated Salvage and Subrogation

None.

## **2017 Disclosure for INT 18-01**

**HealthSpring Life & Health Insurance  
Company, Inc.**

TAX DISCLOSURE

Pursuant to INT 18-01  
Issue 3 – Completion of Note 9C

**PDF Disclosure Required Under INT 18-01**

The approximate change in the company's DTAs and DTLs due to the tax rate change is \$5,172,802.

The change in UCGs was recorded at 35%. The tax reform rate change to 21% was all recorded to change in DTA.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES  
GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? .....  
If yes, complete Schedule Y, Parts 1, 1A and 2

Yes [ X ] No [ ]

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? .....

Yes [ X ] No [ ] N/A [ ]

1.3

State Regulating? .....

Texas

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? .....

Yes [ ] No [ X ]

2.2

If yes, date of change: .....

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made. ....

12/31/2014

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ....

12/31/2014

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ....

04/25/2016

3.4

By what department or departments?  
Texas Department of Insurance .....

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? .....

Yes [ ] No [ ] N/A [ X ]

3.6

Have all of the recommendations within the latest financial examination report been complied with? .....

Yes [ X ] No [ ] N/A [ ]

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
4.11 sales of new business? .....  
4.12 renewals? .....

Yes [ ] No [ X ]  
Yes [ ] No [ X ]

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
4.21 sales of new business? .....  
4.22 renewals? .....

Yes [ ] No [ X ]  
Yes [ ] No [ X ]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? .....

Yes [ ] No [ X ]

5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? .....

Yes [ ] No [ X ]

6.2

If yes, give full information: .....

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? .....

Yes [ ] No [ X ]

7.2

If yes,  
7.21 State the percentage of foreign control; .....  
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1	2
Nationality	Type of Entity

GENERAL INTERROGATORIES

8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [ ] No [ X ]

8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [ ] No [ X ]

8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

PricewaterhouseCoopers, LLC, 150 3rd Ave. S, Suite 1400, Nashville, TN 37201

10.1

Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes [ ] No [ X ]

10.2

If the response to 10.1 is yes, provide information related to this exemption:

10.3

Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation?

Yes [ ] No [ X ]

10.4

If the response to 10.3 is yes, provide information related to this exemption:

10.5

Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes [ X ] No [ ] N/A [ ]

10.6

If the response to 10.5 is no or n/a, please explain

11.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Gregory N. Malone, Appointed Actuary, Cigna Healthcare Reserving, 900 Cottage Grove Road, Bloomfield, CT 06152

12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [ ] No [ X ]

12.11

Name of real estate holding company

12.12

Number of parcels involved

12.13

Total book/adjusted carrying value

\$

12.2

If, yes provide explanation:

13.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [ ] No [ ]

13.3

Have there been any changes made to any of the trust indentures during the year?

Yes [ ] No [ ]

13.4

If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes [ ] No [ ] N/A [ ]

14.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes [ X ] No [ ]

(a)

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b)

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c)

Compliance with applicable governmental laws, rules and regulations;

(d)

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e)

Accountability for adherence to the code.

14.11

If the response to 14.1 is No, please explain:

14.2

Has the code of ethics for senior managers been amended?

Yes [ ] No [ X ]

14.21

If the response to 14.2 is yes, provide information related to amendment(s).

14.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [ ] No [ X ]

14.31

If the response to 14.3 is yes, provide the nature of any waiver(s).



ANNUAL STATEMENT FOR THE YEAR 2017 OF THE HealthSpring Life & Health Insurance Company, Inc.

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [ X ]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2  Issuing or Confirming Bank Name	3  Circumstances That Can Trigger the Letter of Credit	4  Amount

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [ X ] No [ ]
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [ X ] No [ ]
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person? Yes [ X ] No [ ]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [ X ]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers\$ 0

20.12 To stockholders not officers\$ 0

20.13 Trustees, supreme or grand (Fraternal Only) \$
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers\$ 0

20.22 To stockholders not officers\$ 0

20.23 Trustees, supreme or grand (Fraternal Only) \$
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [ X ]
- 21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Rented from others\$

21.22 Borrowed from others\$

21.23 Leased from others\$

21.24 Other \$
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [ X ]
- 22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment \$

22.22 Amount paid as expenses \$

22.23 Other amounts paid \$
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [ X ]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [ X ] No [ ]
- 24.02 If no, give full and complete information relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] N/A [ X ]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] N/A [ X ]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] N/A [ X ]
- 24.09 Does the reporting entity or the reporting entity 's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] N/A [ X ]

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE HealthSpring Life & Health Insurance Company, Inc.

GENERAL INTERROGATORIES

24.10 For the reporting entity’s security lending program state the amount of the following as December 31 of the current year:

24.101	Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.	\$	0
24.102	Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.	\$	0
24.103	Total payable for securities lending reported on the liability page.	\$	0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes ☒ No ☐

25.2	If yes, state the amount thereof at December 31 of the current year:	25.21 Subject to repurchase agreements	\$	
		25.22 Subject to reverse repurchase agreements	\$	
		25.23 Subject to dollar repurchase agreements	\$	
		25.24 Subject to reverse dollar repurchase agreements	\$	
		25.25 Placed under option agreements	\$	
		25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$	
		25.27 FHLB Capital Stock	\$	
		25.28 On deposit with states	\$	8,038,700
		25.29 On deposit with other regulatory bodies	\$	
		25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$	
		25.31 Pledged as collateral to FHLB - including assets backing funding agreements	\$	
		25.32 Other	\$	

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes ☐ No ☒

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes ☐ No ☐ N/A ☒  
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes ☐ No ☒

27.2 If yes, state the amount thereof at December 31 of the current year. \$

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes ☒ No ☐

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
JPMorgan Chase Bank, N.A.	4 Chase MetroTech Center Brooklyn, New York 11245

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes ☐ No ☒

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE HealthSpring Life & Health Insurance Company, Inc.

GENERAL INTERROGATORIES

28.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts"; "...handle securities"]

1 Name of Firm or Individual	2 Affiliation
Cigna Investments, Inc. 900 Cottage Grove Road, Bloomfield, CT 06002 .....	A.....
.....	.....

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets?..... Yes [   ] No [ X ]

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets?..... Yes [   ] No [ X ]

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1  Central Registration Depository Number	2  Name of Firm or Individual	3  Legal Entity Identifier (LEI)	4  Registered With	5 Investment Management Agreement (IMA) Filed
105811 .....	CIGNA Investments, Inc. ....	Not available .....	Securities & Exchange Commission (SEC) .....	DS.....
.....	.....	.....	.....	.....

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])? ..... Yes [   ] No [ X ]

29.2 If yes, complete the following schedule:

1  CUSIP #	2  Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 - Total		0

29.3 For each mutual fund listed in the table above, complete the following schedule:

1  Name of Mutual Fund (from above table)	2  Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4  Date of Valuation
.....	.....	.....	.....

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1  Statement (Admitted) Value	2  Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....	462,398,371	468,187,580	5,789,209
30.2 Preferred stocks .....	0		0
30.3 Totals	462,398,371	468,187,580	5,789,209

30.4 Describe the sources or methods utilized in determining the fair values:

Fair values are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality. In instances where there is little or no market activity for the same or similar instruments, the Company estimates fair value using methods, models and assumptions that the Company believes a hypothetical market participant would use to determine a current transaction price. These valuation techniques involve some level of estimation and judgment by the Company which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used. ....

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? ..... Yes [ X ] No [   ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? ..... Yes [   ] No [ X ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:  
Broker prices are used on less than 2% of securities, mainly due to timing of new purchases where price is not yet available by pricing vendor. The Company reviews prices provided by brokers for reasonableness based on comparisons to similar securities that are priced by either external pricing vendor or the Company. ....

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? ..... Yes [ X ] No [   ]

32.2 If no, list exceptions:  
.....

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE HealthSpring Life & Health Insurance Company, Inc.

GENERAL INTERROGATORIES

33. By self-designating 5\*GI securities, the reporting entity is certifying the following elements of each self-designated 5\*GI security:

a. Documentation necessary to permit a full credit analysis of the security does not exist.

b. Issuer or obligor is current on all contracted interest and principal payments.

c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5\*GI securities? ..... Yes [ ] No [ X ]

OTHER

34.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? .....\$ .....0

34.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	.....

35.1 Amount of payments for legal expenses, if any? .....\$ .....0

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....	.....

36.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? .....\$ .....0

36.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	.....

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [ ] No [ X ]

1.2

If yes, indicate premium earned on U.S. business only.

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$

1.5

Indicate total incurred claims on all Medicare Supplement Insurance.

\$

0

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$

0

1.62

Total incurred claims

\$

0

1.63

Number of covered lives

0

All years prior to most current three years:

1.64

Total premium earned

\$

0

1.65

Total incurred claims

\$

0

1.66

Number of covered lives

0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$

0

1.72

Total incurred claims

\$

0

1.73

Number of covered lives

0

All years prior to most current three years:

1.74

Total premium earned

\$

0

1.75

Total incurred claims

\$

0

1.76

Number of covered lives

0

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

2,089,910,276

2,360,407,904

2.2

Premium Denominator

2,089,910,276

2,360,407,904

2.3

Premium Ratio (2.1/2.2)

1.000

1.000

2.4

Reserve Numerator

187,275,480

209,867,353

2.5

Reserve Denominator

187,275,480

209,867,354

2.6

Reserve Ratio (2.4/2.5)

1.000

1.000

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [ ] No [ X ]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [ X ] No [ ]

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [ ] No [ ]

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [ ] No [ X ]

5.2

If no, explain:

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$

0

5.32

Medical Only

\$

0

5.33

Medicare Supplement

\$

0

5.34

Dental & Vision

\$

0

5.35

Other Limited Benefit Plan

\$

0

5.36

Other

\$

0

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [ X ] No [ ]

7.2

If no, give details

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

22,721

8.2

Number of providers at end of reporting year

22,539

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [ ] No [ X ]

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months

\$

9.22

Business with rate guarantees over 36 months

\$

28

GENERAL INTERROGATORIES

10.1

Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes [ X ] No [ ]

10.2

If yes:

10.21

Maximum amount payable bonuses

\$ 2,665,313

10.22

Amount actually paid for year bonuses

\$ (14,583,573)

10.23

Maximum amount payable withholds

\$

10.24

Amount actually paid for year withholds

\$

11.1

Is the reporting entity organized as:

11.12

A Medical Group/Staff Model

Yes [ ] No [ X ]

11.13

An Individual Practice Association (IPA), or,

Yes [ ] No [ X ]

11.14

A Mixed Model (combination of above)?

Yes [ ] No [ X ]

11.2

Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements?

Yes [ X ] No [ ]

11.3

If yes, show the name of the state requiring such minimum capital and surplus.

11.4

If yes, show the amount required.

\$ 1,700,000

11.5

Is this amount included as part of a contingency reserve in stockholder's equity?

Yes [ ] No [ X ]

11.6

If the amount is calculated, show the calculation

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Alabama - Part D
Alaska - Part D
Arizona - Part D
Arkansas - Part D
Colorado - Part D
Connecticut - Part D
Delaware - Part D
District of Columbia - Part D
Florida - Part D
Georgia - Part D
Hawaii - Part D
Idaho - Part D
Illinois - Part D
Indiana - Part D
Iowa - Part D
Kansas - Part D
Kentucky - Part D
Louisiana - Part D
Maine - Part D
Maryland - Part D
Massachusetts - Part D
Michigan - Part D
Minnesota - Part D
Mississippi - Part D
Missouri - Part D
Montana - Part D
Nebraska - Part D
Nevada - Part D
New Hampshire - Part D
New Jersey - Part D
New Mexico - Part D
New York - Part D
North Carolina - Part D
North Dakota - Part D
Ohio - Part D
Oklahoma - Part D
Oregon - Part D
Pennsylvania - Part D
Rhode Island - Part D
South Carolina - Part D
South Dakota - Part D
Tennessee - Part D
Texas - Part D
Utah - Part D
Vermont - Part D
Virginia - Part D
Washington - Part D
West Virginia - Part D
Wisconsin - Part D
Wyoming - Part D
Catoosa, GA
Dade, GA
Walker, GA
Anderson, TX
Angelina, TX
Bexar, TX
Bowie, TX
Brazoria, TX
Cameron, TX
Camp, TX
Cass, TX

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE HealthSpring Life & Health Insurance Company, Inc.

1
Name of Service Area
Chambers, TX .....
Cherokee, TX .....
Collin, TX .....
Cooke, TX .....
Dallas, TX .....
Delta, TX .....
Denton, TX .....
Duvall, TX .....
Ellis, TX .....
El Paso, TX .....
Fannin, TX .....
Fort Bend, TX .....
Franklin , TX .....
Galveston, TX .....
Grayson, TX .....
Gregg, TX .....
Hardin, TX .....
Harris, TX .....
Harrison, TX .....
Henderson, TX .....
Hidalgo, TX .....
Hood, TX .....
Hopkins, TX .....
Houston, TX .....
Hunt, TX .....
Jasper, TX .....
Jefferson, TX .....
Jim Hogg, TX .....
Jim Wells, TX .....
Johnson, TX .....
Kaufman, TX .....
Lamar, TX .....
Liberty, TX .....
Marion, TX .....
Maverick, TX .....
McMullen , TX .....
Montague, TX .....
Montgomery, TX .....
Morris, TX .....
Nacogdoches, TX .....
Navarro, TX .....
Newton, TX .....
Nueces, TX .....
Orange , TX .....
Panola, TX .....
Parker, TX .....
Polk, TX .....
Rains, TX .....
Red River, TX .....
Rockwall, TX .....
Rusk, TX .....
Sabine, TX .....
San Augustine, TX .....
San Jacinto, TX .....
Shelby, TX .....
Smith, TX .....
Starr, TX .....
Tarrant, TX .....
Titus , TX .....
Travis, TX .....
Trinity, TX .....
Tyler, TX .....
Upshur, TX .....
Van Zandt, TX .....
Walker, TX .....
Waller, TX .....
Webb, TX .....
Willacy, TX .....
Wise, TX .....
Wood, TX .....
Zapata, TX .....
.....

- 13.1 Do you act as a custodian for health savings accounts? ..... Yes [    ] No [ X ]
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date. .... \$ .....
- 13.3 Do you act as an administrator for health savings accounts? ..... Yes [    ] No [ X ]
- 13.4 If yes, please provide the balance of funds administered as of the reporting date. .... \$ .....
- 14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? ..... Yes [    ] No [    ] N/A [ X ]
- 14.2 If the answer to 14.1 is yes, please provide the following:

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE HealthSpring Life & Health Insurance Company, Inc.

1	2	3	4	Assets Supporting Reserve Credit		
	NAIC Company Code	Domiciliary Jurisdiction	Reserve Credit	5 Letters of Credit	6 Trust Agreements	7 Other
Company Name						

15. Provide the following for individual ordinary life insurance\* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded):
- 15.1 Direct Premium Written .....\$ .....0

15.2 Total Incurred Claims .....\$ .....0

15.3 Number of Covered Lives .....0

*Ordinary Life Insurance Includes
Term(whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without secondary gurantee)
Universal Life (with or without secondary gurantee)
Variable Universal Life (with or without secondary gurantee)



FIVE-YEAR HISTORICAL DATA

	1 2017	2 2016	3 2015	4 2014	5 2013
<b>Balance Sheet</b> (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28) .....	545,276,951	602,829,479	613,953,794	586,050,035	671,908,978
2. Total liabilities (Page 3, Line 24) .....	286,611,179	322,626,324	286,576,831	257,315,426	287,174,011
3. Statutory minimum capital and surplus requirement .....	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
4. Total capital and surplus (Page 3, Line 33) .....	258,665,772	280,203,155	327,376,963	328,734,609	384,734,967
<b>Income Statement</b> (Page 4)					
5. Total revenues (Line 8) .....	2,089,910,599	2,366,989,790	2,213,499,831	2,205,421,691	2,124,314,637
6. Total medical and hospital expenses (Line 18) .....	1,817,386,491	2,028,664,874	1,815,181,348	1,823,249,406	1,737,091,020
7. Claims adjustment expenses (Line 20) .....	133,171,215	157,438,242	143,828,585	140,299,062	68,277,164
8. Total administrative expenses (Line 21) .....	183,550,282	233,977,273	223,274,842	192,290,949	205,581,871
9. Net underwriting gain (loss) (Line 24) .....	(42,797,691)	(65,563,195)	61,460,103	13,562,421	104,156,973
10. Net investment gain (loss) (Line 27) .....	10,709,261	9,880,001	8,451,012	10,043,997	5,968,440
11. Total other income (Lines 28 plus 29) .....	(1,145,004)	(14,550)	(607,154)	(6,325,295)	(16,162,584)
12. Net income or (loss) (Line 32) .....	(21,679,271)	(50,827,858)	46,054,710	(6,586,059)	57,404,471
<b>Cash Flow</b> (Page 6)					
13. Net cash from operations (Line 11) .....	109,093,331	(6,398,484)	103,716,862	(175,616,476)	(13,871,086)
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital .....	258,665,772	280,203,155	327,376,963	328,734,609	384,734,967
15. Authorized control level risk-based capital .....	70,831,200	78,871,713	71,221,971	63,834,514	53,103,177
<b>Enrollment</b> (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7) .....	148,044	161,995	166,636	511,731	592,201
17. Total members months (Column 6, Line 7) .....	1,763,667	2,028,888	1,959,109	6,328,529	7,226,846
<b>Operating Percentage</b> (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19) .....	87.0	85.9	82.2	82.8	81.7
20. Cost containment expenses .....	5.7	5.7	5.9	5.9	2.7
21. Other claims adjustment expenses .....	0.7	0.9	0.6	0.5	0.5
22. Total underwriting deductions (Line 23) .....	102.0	103.1	97.4	99.5	95.0
23. Total underwriting gain (loss) (Line 24) .....	(2.0)	(2.8)	2.8	0.6	4.9
<b>Unpaid Claims Analysis</b> (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5) .....	113,324,658	128,693,027	7,698,936	76,884,319	75,166,005
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)] .....	138,367,785	119,452,431	51,100,486	96,143,766	97,415,922
<b>Investments In Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1) .....					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1) .....					
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1) .....					
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10) .....	0	0	0	0	0
30. Affiliated mortgage loans on real estate .....					
31. All other affiliated .....					
32. Total of above Lines 26 to 31 .....	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above.					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [     ] No [     ]

If no, please explain: .....

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories									
States, etc.	1	Direct Business Only							
		2	3	4	5	6	7	8	9
	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama .....	AL	L	(7,779)					(7,779)	
2. Alaska .....	AK	L	(1,440)					(1,440)	
3. Arizona .....	AZ	L	(3,292)					(3,292)	
4. Arkansas .....	AR	L	(2,227)	8,635,817				8,633,590	
5. California .....	CA	N	(5,640)					(5,640)	
6. Colorado .....	CO	L	(537)					(537)	
7. Connecticut .....	CT	L	(562)					(562)	
8. Delaware .....	DE	L	(908)					(908)	
9. District of Columbia .....	DC	L	(1,224)					(1,224)	
10. Florida .....	FL	L	(607)					(607)	
11. Georgia .....	GA	L	(965)	24,784,613				24,783,648	
12. Hawaii .....	HI	L	(1,084)					(1,084)	
13. Idaho .....	ID	L	(2,094)					(2,094)	
14. Illinois .....	IL	L	(26,802)					(26,802)	
15. Indiana .....	IN	L	(1,187)					(1,187)	
16. Iowa .....	IA	L	(394)					(394)	
17. Kansas .....	KS	L	(646)					(646)	
18. Kentucky .....	KY	L	(921)					(921)	
19. Louisiana .....	LA	L	(7,284)					(7,284)	
20. Maine .....	ME	L	(198)					(198)	
21. Maryland .....	MD	L	(5,031)					(5,031)	
22. Massachusetts .....	MA	L	(1,206)					(1,206)	
23. Michigan .....	MI	L	(2,861)					(2,861)	
24. Minnesota .....	MN	L	(530)					(530)	
25. Mississippi .....	MS	L	(6,495)					(6,495)	
26. Missouri .....	MO	L	(896)					(896)	
27. Montana .....	MT	L	(167)					(167)	
28. Nebraska .....	NE	L	(207)					(207)	
29. Nevada .....	NV	L	(698)					(698)	
30. New Hampshire .....	NH	L	(154)					(154)	
31. New Jersey .....	NJ	L	(602)					(602)	
32. New Mexico .....	NM	L	(112)					(112)	
33. New York .....	NY	L	(25,198)					(25,198)	
34. North Carolina .....	NC	L	(689)					(689)	
35. North Dakota .....	ND	L	(111)					(111)	
36. Ohio .....	OH	L	(1,084)					(1,084)	
37. Oklahoma .....	OK	L	(1,157)					(1,157)	
38. Oregon .....	OR	L	(4,070)					(4,070)	
39. Pennsylvania .....	PA	L	(6,512)					(6,512)	
40. Rhode Island .....	RI	L	(165)					(165)	
41. South Carolina .....	SC	L	(979)					(979)	
42. South Dakota .....	SD	L	(113)					(113)	
43. Tennessee .....	TN	L	(10,522)					(10,522)	
44. Texas .....	TX	L	(30,477)	1,179,956,411	876,713,977			2,056,639,911	
45. Utah .....	UT	L	(1,738)					(1,738)	
46. Vermont .....	VT	L	(139)					(139)	
47. Virginia .....	VA	L	(1,034)					(1,034)	
48. Washington .....	WA	L	(8,969)					(8,969)	
49. West Virginia .....	WV	L	(1,859)					(1,859)	
50. Wisconsin .....	WI	L	(913)					(913)	
51. Wyoming .....	WY	L	(63)					(63)	
52. American Samoa .....	AS	N						0	
53. Guam .....	GU	N						0	
54. Puerto Rico .....	PR	N						0	
55. U.S. Virgin Islands .....	VI	N						0	
56. Northern Mariana Islands .....	MP	N						0	
57. Canada .....	CAN	N						0	
58. Aggregate other alien .....	OT	XXX	0	0	0	0	0	0	0
59. Subtotal .....	XXX		(180,542)	1,213,376,841	876,713,977	0	0	2,089,910,276	0
60. Reporting entity contributions for Employee Benefit Plans .....	XXX							0	
61. Total (Direct Business) .....	(a) 50		(180,542)	1,213,376,841	876,713,977	0	0	2,089,910,276	0
DETAILS OF WRITE-INS									
58001. ....	XXX								
58002. ....	XXX								
58003. ....	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page .....	XXX		0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above) .....	XXX		0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc.

Part D premiums are allocated based on prior year MMR data by state; Medicare Advantage premiums for AR, GA and TX are based on premiums received from the Centers for Medicare and Medicaid Services (CMS); All Medicaid premiums are written in the state of Texas.

(a) Insert the number of L responses except for Canada and Other Alien.

SCHEDULE Y  
PART 1 – ORGANIZATIONAL CHART

The following is a listing identifying and indicating the interrelationships among all affiliated insurers (identified by an asterisk, and if such insurer is incorporated in the United States of America, by a Federal Employer Identification Number, NAIC Company Code and Jurisdiction of Incorporation) and all other affiliates, as of December 31, 2017:

Cigna CORPORATION			
(A Delaware corporation and ultimate parent company)			
Cigna Holdings, Inc.			
	Cigna Intellectual Property, Inc.		
	Cigna Investment Group, Inc.		
		Cigna International Finance Inc.	
		Former Cigna Investments, Inc.	
		Cigna Investments, Inc.	
		Cigna Benefits Financing, Inc.	(EI # 010947889, DE)
	Connecticut General Corporation		
		Benefit Management Corp.	(EI # 81-0585518)
		*Allegiance Life & Health Insurance Company	(EI # 20-4433475, NAIC # 12814, MT)
		*Allegiance Re, Inc.	(EI # 20-3851464, MT)
		Allegiance Benefit Plan Management, Inc.	
		Allegiance COBRA Services, Inc.	
		Allegiance Provider Direct, LLC	
		Community Health Network, LLC	
		Intermountain Underwriters, Inc.	
		Star Point, LLC	
	HealthSpring, Inc.		
		NewQuest, LLC	
			NewQuest Management Northeast, LLC
			*Bravo Health Mid-Atlantic, Inc.
			(EI # 52-2259087, NAIC # 10095, MD)
			*Bravo Health Pennsylvania, Inc.
			(EI # 52-2363406, NAIC # 11254, PA)
			*HealthSpring Life & Health Insurance Company
			(EI # 20-8534298, NAIC # 12902, TX)
			*HealthSpring of Alabama, Inc.
			(EI # 63-0925225, NAIC # 95781, AL)
			*HealthSpring of Florida, Inc.
			(EI # 65-1129599, NAIC #11532, FL)
			NewQuest Management of Illinois, LLC
			NewQuest Management of Florida, LLC
			HealthSpring Management of America, LLC
			NewQuest Management of West Virginia, LLC
			TexQuest, LLC
			HouQuest, LLC
			GulfQuest, LP
			NewQuest Management of Alabama, LLC
			HealthSpring USA, LLC
			HealthSpring Management, Inc.
			HealthSpring of Tennessee, Inc.
			(EI # 62-1593150, NAIC # 11522, MD)
			Tennessee Quest, LLC
			HealthSpring Pharmacy Services, LLC
			HealthSpring Pharmacy of Tennessee, LLC
			Home Physicians Management, LLC
			Alegis Care Services, LLC
			*Cigna Arbor Life Insurance Company
			(EI # 03-0452349, NAIC # 13733, CT)
			Cigna Behavioral Health, Inc.
			Cigna Behavioral Health of California, Inc.
			(EI# 94-3107309)
			Cigna Behavioral Health of Texas, Inc.
			(EI# 75-2751090)
			MCC Independent Practice Association of New York, Inc.

SCHEDULE Y  
PART 1 – ORGANIZATIONAL CHART

	<u>Cigna Dental Health, Inc.</u>
	<u>Cigna Dental Health of California, Inc.</u> (EI# 59-2600475, CA)
	<u>Cigna Dental Health of Colorado, Inc.</u> (EI# 59-2675861, NAIC # 11175, CO)
	<u>Cigna Dental Health of Delaware, Inc.</u> (EI# 59-2676987, NAIC # 95380, DE)
	<u>Cigna Dental Health of Florida, Inc.</u> (EI# 59-1611217, NAIC # 52021, FL)
	<u>Cigna Dental Health of Illinois, Inc.</u> (EI# 06-1351097, IL)
	<u>Cigna Dental Health of Kansas, Inc.</u> (EI# 59-2625350, NAIC # 52024, KS)
	<u>Cigna Dental Health of Kentucky, Inc.</u> (EI# 59-2619589, NAIC # 52108, KY)
	<u>Cigna Dental Health of Missouri, Inc.</u> (EI#06-1582068, NAIC # 11160, MO)
	<u>Cigna Dental Health of New Jersey, Inc.</u> (EI# 59-2308062, NAIC # 11167, NJ)
	<u>Cigna Dental Health of North Carolina, Inc.</u> (EI# 56-1803464 , NAIC # 95179, NC)
	<u>Cigna Dental Health of Ohio, Inc.</u> (EI# 59-2579774, NAIC # 47805, OH)
	<u>Cigna Dental Health of Pennsylvania, Inc.</u> (EI# 52-1220578, NAIC # 47041, PA)
	<u>Cigna Dental Health of Texas, Inc.</u> (EI# 59-2676977, NAIC # 95037, TX)
	<u>Cigna Dental Health of Virginia, Inc.</u> (EI# 52-2188914, NAIC # 52617, VA)
	<u>Cigna Dental Health Plan of Arizona, Inc.</u> (EI# 86-0807222, NAIC # 47013, AZ)
	<u>Cigna Dental Health of Maryland, Inc.</u> (EI#20-2844020, NAIC #48119, MD)
	<u>Cigna Health Corporation</u>
	<u>Healthsource, Inc.</u>
	<u>Cigna HealthCare of Arizona, Inc.</u> (EI# 86-0334392, NAIC#95125, AZ)
	<u>Cigna HealthCare of California, Inc.</u> (EI# 95-3310115, CA)
	<u>Cigna HealthCare of Colorado, Inc.</u> (EI# 84-1004500, NAIC # 95604, CO)
	<u>Cigna HealthCare of Connecticut, Inc.</u> (EI# 06-1141174, NAIC # 95660, CT)
	<u>Cigna HealthCare of Florida, Inc.</u> (EI# 59-2089259, NAIC # 95136, FL)
	<u>Cigna HealthCare of Illinois, Inc.</u> (EI# 36-3385638, NAIC # 95602, IL)
	<u>Cigna HealthCare of Maine, Inc.</u> (EI# 01-0418220, NAIC # 95447, ME)
	<u>Cigna HealthCare of Massachusetts, Inc.</u> (EI# 02-0402111, NAIC # 95220, MA)
	<u>Cigna HealthCare Mid-Atlantic, Inc.</u> (EI# 52-1404350, NAIC # 95599, MD)
	<u>Cigna HealthCare of New Hampshire, Inc.</u> (EI# 02-0387749, NAIC # 95493, NH)
	<u>Cigna HealthCare of New Jersey, Inc.</u> (EI# 22-2720890, NAIC # 95500, NJ)
	<u>Cigna HealthCare of Pennsylvania, Inc.</u> (EI# 23-2301807, NAIC # 95121, PA)
	<u>Cigna HealthCare of St. Louis, Inc.</u> (EI# 36-3359925, NAIC # 95635, MO)
	<u>Cigna HealthCare of Utah, Inc.</u> (EI# 62-1230908, NAIC # 95518, UT)
	<u>Cigna HealthCare of Georgia, Inc.</u> (EI# 58-1641057, NAIC # 96229, GA)
	<u>Cigna HealthCare of Texas, Inc.</u> (EI# 74-2767437, NAIC # 95383, TX)
	<u>Cigna HealthCare of Indiana, Inc.</u> (EI# 35-1679172, NAIC # 95525, IN)
	<u>Cigna HealthCare of Tennessee, Inc.</u> (EI# 62-1218053, NAIC # 95606, TN)
	<u>Cigna HealthCare of North Carolina, Inc.</u> (EI# 56-1479515, NAIC# 95132, NC)
	<u>Cigna HealthCare of South Carolina, Inc.</u> (EI# 06-1185590, NAIC # 95708, SC)
	<u>*Temple Insurance Company Limited</u>

SCHEDULE Y  
PART 1 – ORGANIZATIONAL CHART

				<u>Arizona Health Plan, Inc.</u>
				<u>Healthsource Properties, Inc.</u>
				<u>Managed Care Consultants, Inc.</u>
				<u>Cigna Benefit Technology Solutions, Inc.</u>
				<u>Sagamore Health Network, Inc.</u>
				<u>Cigna Healthcare Holdings, Inc.</u>
				(EI# 84-0985843)
				<u>Great-West Healthcare of Illinois, Inc.</u>
				(EI# 93-1174749, NAIC 95388, IL)
				<u>Cigna Healthcare, Inc.</u>
				<u>*Cigna Life Insurance Company of New York</u>
				(EI# 13-2556568, NAIC # 64548, NY)
				<u>*Connecticut General Life Insurance Company</u>
				(EI# 06-0303370, NAIC # 62308, CT)
				<u>CG Mystic Center LLC</u>
				<u>Station Landing LLC</u>
				<u>CG Mystic Land LLC</u>
				<u>CG Skyline, LLC</u>
				<u>Skyline ND/CG LLC</u>
				<u>Skyline Mezzanine Borrower, LLC</u>
				<u>Skyline at Station Landing, LLC</u>
				<u>Careallies, LLC</u>
				<u>CG Bayport LLC</u>
				<u>Bayport Colony Apartments LLC</u>
				<u>Cigna Onsite Health, LLC</u>
				<u>Gillette Ridge Community Council, Inc.</u>
				<u>Gillette Ridge Golf LLC</u>
				<u>Hazard Center Investment Company LLC</u>
				<u>Tel-Drug of Pennsylvania, LLC</u>
				<u>GRG Acquisitions LLC</u>
				<u>Cigna Affiliates Realty Investment Group, LLC</u>
				(EI# 27-5402196, DE)
				<u>CR Longwood Investors, LP</u>
				<u>ND/CR Longwood LLC</u>
				<u>ARE/ND/CR Longwood LLC</u>
				<u>Secon Properties, LP</u>
				<u>Transwestern Federal Holdings, L.L.C.</u>
				<u>Transwestern Federal, L.L.C.</u>
				<u>Market Street Residential Holdings LLC</u>
				<u>Arborpoint at Market Street LLC</u>
				<u>Diamondview Tower CM-CG LLC</u>
				<u>CR Washington Street Investors LP</u>
				<u>Dulles Town Center Mall, LLC</u>
				<u>ND/CR Unicorn LLC</u>
				<u>Union Wharf Apartments LLC</u>
				<u>AMD Apartments Limited Partnership</u>
				<u>PUR Arbors Apartments Venture LLC</u>
				<u>CG Seventh Street, LLC</u>
				<u>Ideal Properties II LLC</u>
				<u>Alessandro Partners, LLC</u>
				<u>Mallory Square Partners I, LLC</u>
				<u>Houston Briar Forest Apartments Limited Partnership</u>
				<u>Newtown Partners II, LP</u>
				<u>Newtown Square GP LLC</u>
				<u>AFA Apartments Limited Partnership</u>
				<u>SB-SNH LLC</u>
				<u>680 Investors LLC</u>
				<u>685 New Hampshire LLC</u>

SCHEDULE Y  
PART 1 – ORGANIZATIONAL CHART

			<u>CGGL 18301 LLC</u>
			<u>222 Main Street Caring GP LLC</u>
			<u>222 Main Street Investors LP</u>
			<u>Notch 8 Residential, L.L.C.</u>
			<u>UVL, LLC</u>
			<u>3601 North Fairfax Drive Associates, LLC</u>
			<u>CI Perris 151, LLC</u>
			<u>Lakehills CM – CG LLC</u>
			<u>Affiliated Hotel Subsidiary LLC</u>
			<u>CGGL 6280 LLC</u>
			<u>Berewick Apartments LLC</u>
			<u>CIG-LEI Ygnacio Associates LLC</u>
			<u>CGGL Orange Collection LLC</u>
			<u>CGGL Chapman LLC</u>
			<u>CGGL City Parkway LLC</u>
			<u>Heights at Bear Creek Venture LLC</u>
			<u>SOMA Apartments Venture LLC</u>
			<u>Arbor Heights Venture LLC</u>
			<u>CORAC LLC</u>
			<u>Henry on the Park Associates, LLC</u> (EI 27-3582688, DE)
			* <u>Cigna Health and Life Insurance Company</u> (EI # 59-1031071, NAIC # 67369, CT)
			<u>CarePlexus, LLC</u> (EI# 45-2681649; DE)
			<u>Cigna Corporate Services, LLC</u> (EI 27-3396038, DE)
			<u>Cigna Insurance Agency, LLC</u> (EI # 27-1903785, CT)
			<u>Ceres Sales of Ohio, LLC</u> (EI # 34-1970892, OH)
			<u>Central Reserve Life Insurance Company</u> (EI # 34-0970995, NAIC # 61727, OH)
			<u>Provident American Life &amp; Health Insurance Company</u> (EI # 23-1335885, NAIC # 67903, OH)
			<u>United Benefit Life Insurance Company</u> (EI # 75-2305400, NAIC # 65269, OH)
			<u>Loyal American Life Insurance Company</u> (EI # 63-0343428, NAIC # 65722, OH)
			<u>American Retirement Life Insurance Company</u> (EI # 59-2760189, NAIC # 88366, OH)
			<u>QualCare Alliance Networks, Inc.</u>
			<u>QualCare, Inc.</u>
			<u>Scibal Associates, Inc.</u>
			<u>QualCare Captive Insurance Company Inc., PCC</u>
			<u>QualCare Management Resources Limited Liability Company</u>
			<u>Health-Lynx, LLC</u>
			<u>Sterling Life Insurance Company</u> (EI # 13-1867829. NAIC # 77399.IL)
			<u>Olympic Health Management Systems, Inc.</u>
			<u>Olympic Health Management Services, Inc.</u>
			<u>WorldDoc, Inc.</u>
			<u>Omada Health, Inc.</u>
			<u>Cigna Health Management, Inc.</u> (EI# 23-1728483, DE)
			<u>Kronos Optimal Health Company</u> (20-8064696, AZ)
			* <u>Life Insurance Company of North America</u> (EI# 23-1503749, NAIC # 65498, PA)
			<u>*Cigna &amp; CMB Life Insurance Company Limited</u> (remaining interest owned by an unaffiliated party)
			<u>Cigna &amp; CMB Health Services Company, Ltd.</u>
			<u>Cigna Direct Marketing Company, Inc.</u>
			<u>Tel-Drug, Inc.</u>
			<u>Cigna Global Wellbeing Holdings Limited</u>
			<u>Cigna Global Wellbeing Solutions Limited</u>
			<u>Vieliflife Services, Inc.</u>
			<u>CG Individual Tax Benefit Payments, Inc.</u>

## SCHEDULE Y

### PART 1 – ORGANIZATIONAL CHART

[illegible]

## SCHEDULE Y

### PART 1 – ORGANIZATIONAL CHART

					Cigna Europe Insurance Company S.A.-N.v.
					Cigna European Services (UK) Limited
					Cigna 2000 UK Pension LTD
					Cigna Oak Holdings, LTD.
					Cigna Willow Holdings, LTD.
					FirstAssist Administration Limited
					Cigna Legal Protection U.K. Ltd.
					Cigna Insurance Services (Europe) Ltd.
					Cigna International Health Services, BVB
					Cigna International Health Service; LLC
					Cigna International Health Service Kenya Limited
					Cigna Sequoia Holdings, SPRL
					Cigna Cedar Holdings, Ltd.
					Cigna Insurance Middle East S.A.L.
					Cigna Insurance Management Services (DIFC), Ltd.
					Cigna Magnolia Holdings, Ltd.
					Cigna Turkey Danismanlik Hizmetleri, A.S (A/K/ACigna Turkey Consultancy Services, A.S.)
					Cigna Nederland Alpha Cooperatief U.A.
					Cigna Nederland Beta B.V.
					Cigna Health Solution India Pvt. Ltd.
					Cigna Poplar Holdings, Inc.
					PT GAR Indonesia
					PT PGU Indonesia
					*Cigna Global Insurance Company Limited
					Cigna TTK Health Insurance Company Limited
					*Cigna Worldwide Insurance Company (EI# 23-2088429, NAIC # 90859, DE)
					*PT. Asuransi Cigna
					Cigna Teak Holdings, LLC



**NONE**

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK

Analysis of Operations By Lines of Business ..... 7

Assets ..... 2

Cash Flow ..... 6

Exhibit 1 - Enrollment By Product Type for Health Business Only ..... 17

Exhibit 2 - Accident and Health Premiums Due and Unpaid ..... 18

Exhibit 3 - Health Care Receivables ..... 19

Exhibit 3A - Analysis of Health Care Receivables Collected and Accrued ..... 20

Exhibit 4 - Claims Unpaid and Incentive Pool, Withhold and Bonus ..... 21

Exhibit 5 - Amounts Due From Parent, Subsidiaries and Affiliates ..... 22

Exhibit 6 - Amounts Due To Parent, Subsidiaries and Affiliates ..... 23

Exhibit 7 - Part 1 - Summary of Transactions With Providers ..... 24

Exhibit 7 - Part 2 - Summary of Transactions With Intermediaries ..... 24

Exhibit 8 - Furniture, Equipment and Supplies Owned ..... 25

Exhibit of Capital Gains (Losses) ..... 15

Exhibit of Net Investment Income ..... 15

Exhibit of Nonadmitted Assets ..... 16

Exhibit of Premiums, Enrollment and Utilization (State Page) ..... 30

Five-Year Historical Data ..... 29

General Interrogatories ..... 27

Jurat Page ..... 1

Liabilities, Capital and Surplus ..... 3

Notes To Financial Statements ..... 26

Overflow Page For Write-ins ..... 44

Schedule A - Part 1 ..... E01

Schedule A - Part 2 ..... E02

Schedule A - Part 3 ..... E03

Schedule A - Verification Between Years ..... SI02

Schedule B - Part 1 ..... E04

Schedule B - Part 2 ..... E05

Schedule B - Part 3 ..... E06

Schedule B - Verification Between Years ..... SI02

Schedule BA - Part 1 ..... E07

Schedule BA - Part 2 ..... E08

Schedule BA - Part 3 ..... E09

Schedule BA - Verification Between Years ..... SI03

Schedule D - Part 1 ..... E10

Schedule D - Part 1A - Section 1 ..... SI05

Schedule D - Part 1A - Section 2 ..... SI08

Schedule D - Part 2 - Section 1 ..... E11

Schedule D - Part 2 - Section 2 ..... E12

Schedule D - Part 3 ..... E13

Schedule D - Part 4 ..... E14

Schedule D - Part 5 ..... E15

Schedule D - Part 6 - Section 1 ..... E16

Schedule D - Part 6 - Section 2 ..... E16

Schedule D - Summary By Country ..... SI04

Schedule D - Verification Between Years ..... SI03

Schedule DA - Part 1 ..... E17

Schedule DA - Verification Between Years ..... SI10

Schedule DB - Part A - Section 1 ..... E18

Schedule DB - Part A - Section 2 ..... E19

Schedule DB - Part A - Verification Between Years ..... SI11

Schedule DB - Part B - Section 1 ..... E20

Schedule DB - Part B - Section 2 ..... E21

Schedule DB - Part B - Verification Between Years ..... SI11

Schedule DB - Part C - Section 1 ..... SI12

Schedule DB - Part C - Section 2 ..... SI13

Schedule DB - Part D - Section 1 ..... E22

Schedule DB - Part D - Section 2 ..... E23

Schedule DB - Verification ..... SI14

Schedule DL - Part 1 ..... E24

Schedule DL - Part 2 ..... E25

Schedule E - Part 1 - Cash ..... E26

Schedule E - Part 2 - Cash Equivalents ..... E27

Schedule E - Part 3 - Special Deposits ..... E28

Schedule E - Verification Between Years ..... SI15

ANNUAL STATEMENT BLANK (Continued)

Schedule S - Part 1 - Section 2 .....	31
Schedule S - Part 2 .....	32
Schedule S - Part 3 - Section 2 .....	33
Schedule S - Part 4 .....	34
Schedule S - Part 5 .....	35
Schedule S - Part 6.....	36
Schedule S - Part 7.....	37
Schedule T - Part 2 - Interstate Compact .....	39
Schedule T - Premiums and Other Considerations .....	38
Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group .....	40
Schedule Y - Part 1A - Detail of Insurance Holding Company System .....	41
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates .....	42
Statement of Revenue and Expenses .....	4
Summary Investment Schedule .....	SI01
Supplemental Exhibits and Schedules Interrogatories .....	43
Underwriting and Investment Exhibit - Part 1 .....	8
Underwriting and Investment Exhibit - Part 2 .....	9
Underwriting and Investment Exhibit - Part 2A .....	10
Underwriting and Investment Exhibit - Part 2B .....	11
Underwriting and Investment Exhibit - Part 2C .....	12
Underwriting and Investment Exhibit - Part 2D .....	13
Underwriting and Investment Exhibit - Part 3 .....	14